

# BUSINESS WEEK

←  
INDEX  
YEAR  
AGO



Charles A. Dana: A bigger slice of the smaller automotive pie (page 104)

A MCGRAW-HILL PUBLICATION

OCT. 2, 1954

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INDEX ON  
PAGE 22



## Farmer Jones sets a good table

...and don't the insects know it!

**B**ETTER CROPS mean mighty good eating for the bugs, too. But now, Shell Chemical provides *aldrin*, *dieldrin* and *endrin*... a team of potent insecticides that wipes out most any pest with a yen for crops. Boll weevils, cutworms, grasshoppers, rootworms, ants, hornworms, and a host of other hungry insects

are knocked cold... either when above the soil or below.

Another Shell product, D-D®, goes underground to stop nematodes (parasitic worms no larger than these dots...) that attack many food, fiber and tobacco crops. *One treatment controls nematodes for an entire season.*

Bringing new and better pesticides to the farm is another example of Shell Chemical's partnership with industry and agriculture. Making petroleum chemistry serve your needs is our constant purpose.

# Shell Chemical Corporation

Chemical Partner of Industry and Agriculture





RESEARCH KEEPS

# B.F. Goodrich

FIRST IN RUBBER



## Where a half-hour delay can cost 1,000 loaves of bread

*A typical example of B. F. Goodrich improvement in rubber*

**T**HAT giant combine cuts and threshes 50 acres of wheat a day, rolling from daylight to dark, traveling from Mexico to Canada. The "works" were driven by three rubber V belts.

Whirling thousands of times a day, bouncing over rough fields, in heat and dust, those V belts would stretch and break. Then everything stopped; sometimes the wheat would get over-ripe and fall; a sudden hard rain could ruin the crop. Experts say a single half-hour delay sometimes reduced the harvest by enough wheat to make 1,000 loaves of bread.

Every belt maker tried to make a better V belt but B. F. Goodrich was

the one that succeeded. Now just *one* B. F. Goodrich Grommet belt lasts longer than a set of 3 of any other make; they keep hundreds of big combines working all season long without any delays for belt replacement.

On the outside, a Grommet belt looks like an ordinary V belt. But buried inside the tough rubber of the B. F. Goodrich belt are two grommets, made by winding cord on itself to form an endless loop. It's these two grommets that make the B. F. Goodrich belt strong enough to last months or years

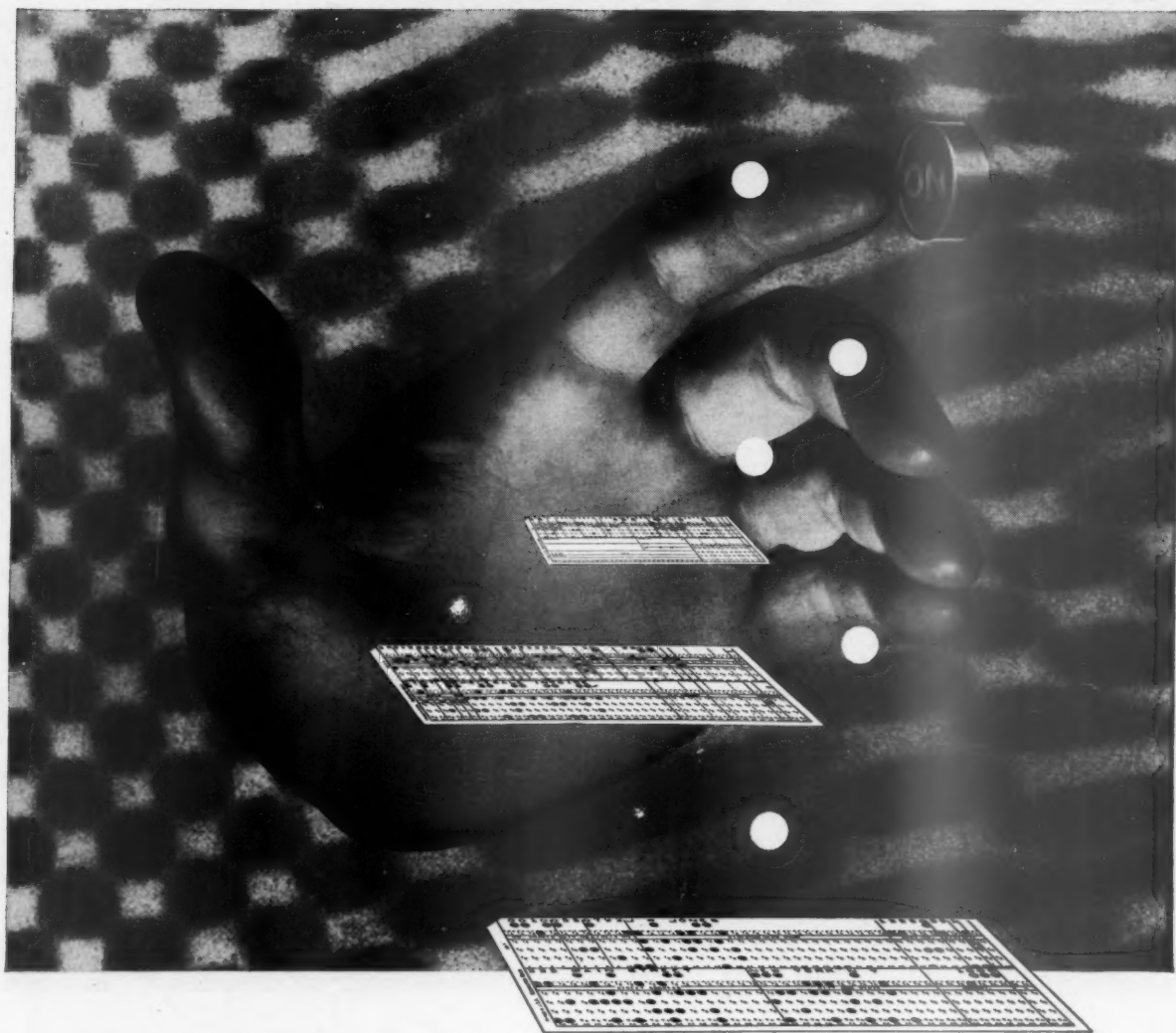
Yet even now, with a record like this B. F. Goodrich engineers are

looking for ways to make this V belt better. Improvement is always going on at B. F. Goodrich. No product is too unimportant to get its share. That's why the V belts, conveyor belts, hose and hundreds of other things you buy from B. F. Goodrich today can be expected to be better than you bought even last year. To find out what some of these recent money-saving improvements can do for you, call your BFG distributor, or write *The B. F. Goodrich Company, Dept. M-313, Akron 18, Ohio.*

Grommet—T. M. The B. F. Goodrich Co.

**B.F. Goodrich**  
**INDUSTRIAL PRODUCTS**  
**DIVISION**





### 3 ways you can profit from push-button accounting

More than \$36,000 clerical savings yearly on payroll work alone — for Paramount Studios.

Vital records six times faster — cost and inventory figures ready in five days instead of thirty—for National Motor Bearing.

Extra reports giving management the *complete* sales picture, including quantities and costs, in many breakdowns — for Federated Metals, division of American Smelting & Refining Co.

Thousands of users report results like these with Remington Rand punched-card methods. Why not put it squarely up to us to show how push-button accounting can increase *your* profits, too. Room 2003, 315 Fourth Ave., New York 10, N.Y.



The new electronic sorter — one of a complete line of punched-card machines.

**Remington Rand** punched-card methods

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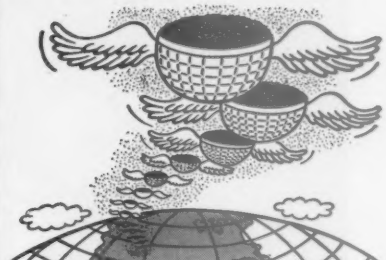
BUSINESS WEEK • OCT. 3 • NUMBER 1309

(with which are combined The Analyst and the Magazine of Business) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw (1860-1948), Founder • Publication Office, 99-129 North Broadway, Albany, N. Y. • **Editorial, Executive and Advertising Offices,** 120 West 42nd St., New York 36. • Donald C. McGraw, President; Willard Chevalier, Executive Vice-President; Joseph A. Gerardi, Vice-President and Treasurer; John J. Cooke, Secretary; Paul Montgomery, Executive Vice-President; Publications Division; Ralph B. Smith, Editor, Editorial Director; Nelson Bond, Vice-President and Director of Advertising. Subscriptions: Address correspondence regarding subscriptions to J. E. Blackburn, Jr., Vice-

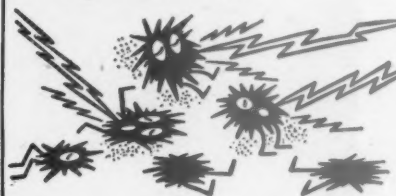
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# AIR-MAZING FACTS

BY O. SOGLOW



**10 MILLION TONS OF DUST TAKE TO THE AIR!** During the Dust Bowl days of the early thirties, an estimated ten million tons of tiny dust particles were drifting across the country at one time! The immense dust clouds darkened large areas of the U.S.



**WHERE ELECTRICITY KILLS DUST!** Electromaze electronic air filters literally shock dust and smoke out of the air with an electric charge. Used wherever super-clean air is needed. "File drawer" design makes Electromaze easier and less expensive to install, easier to clean.



**CLEAN BILL OF HEALTH FOR OIL!** Harmful abrasive particles are removed from engine lubricants and fuels by Air-Maze liquid filters. Special "disc" construction provides many times more effective filter area than other types. Filter is all-metal. Like new after cleaning.

**IF YOU BUILD OR USE** engines, compressors, air-conditioning and ventilating equipment, or any device using air or liquids — the chances are there is an Air-Maze filter engineered to serve you better. Representatives in all principal cities. For condensed product catalog, write Air-Maze Corporation, Dept. C, 25000 Miles Rd., Cleveland 28, Ohio.

# AIR-MAZE

The Filter Engineers

AIR FILTERS  
 SILENCERS  
 SPARK ARRESTERS

LIQUID FILTERS  
 OIL SEPARATORS  
 GREASE FILTERS





**1** L. Drew Betz (center), managing director of W. H. & L. D. Betz, and Edwin M. Ross (left), production manager, discuss a problem with S. Nelson MacFaul, vice president, Merchants Products Corp., distributors of WYANDOTTE products in the Phila-

delphia area. WYANDOTTE Pluronics have proved to be valuable aids in Betz water-conditioning service. Other manufacturers have made good use of the Pluronics, too . . . in laundry detergents, cosmetics, and mechanical-dishwashing compounds.



**2** Testing new ingredients for water-conditioning compounds is part of Betz continuing research program. One notable discovery: WYANDOTTE's Pluronics, with their many unique properties. WYANDOTTE also produces many basic chemicals, including caustic soda, and synthetic detergents.



**3** Samples from the water system of a client's plant are carefully tested by Betz engineers in analytical laboratory. In WYANDOTTE's modern laboratories, research is continually going on to develop new chemicals and new ways of making standard chemicals do a better job for you.



**4** Specialists in Betz engineering department study the results of the tests and recommend corrective water-conditioning compounds for many needs. WYANDOTTE products are used in a wide variety of other industries, too: paper, rubber, metal-working, textile, and many others.





# How W. H. & L. D. Betz conditions water for industry

*...with the aid of Wyandotte Pluronics!*

W. H. & L. D. Betz, chemical engineers and consultants, Philadelphia, Pa., blends thousands of "prescriptions" each year to solve individual water-conditioning problems for industry. Actually, Betz mixing and formulating plants, located in Pennsylvania, Texas, California and Quebec, perform the functions of a giant industrial pharmacy.

Betz has been prominent in this exacting service business since 1925, but management isn't resting on its laurels. Betz is constantly searching for new ways to improve its formulations and its service to industry.

"In our continual search for new products to help in water-conditioning problems, we recently tested the Pluronics, Wyandotte's series of nonionic surface-active agents," says L. Drew Betz, general manager. "The results were so gratifying that the Pluronics are now a 'must' in certain areas of our water-conditioning service. They are definitely an aid to us."

The Pluronics\* have already proved their worth in many industries — often-times through dramatic product improvements. They are typical of the new developments coming your way from Wyandotte.

If you use basic chemicals in your business, you'll find Wyandotte a good and reliable source of supply. Our extensive research facilities are always at your service, ready to work with you on any application problems you may have. Feel free to call on us . . . there's no obligation. *Wyandotte Chemicals Corporation, Wyandotte, Michigan. Offices in principal cities.*

\*REG. U.S. PAT. OFF.



*Organics, Inorganics — World's largest manufacturers of specialized cleaning products for business and industry*



**5** *Huge mixers, like this one at Betz, blend thousands of different "prescriptions" each year. WYANDOTTE chemicals, too, are carefully processed to insure uniformity. Over 60 years' experience has made WYANDOTTE a dependable source for chemicals and specialized cleaning products.*



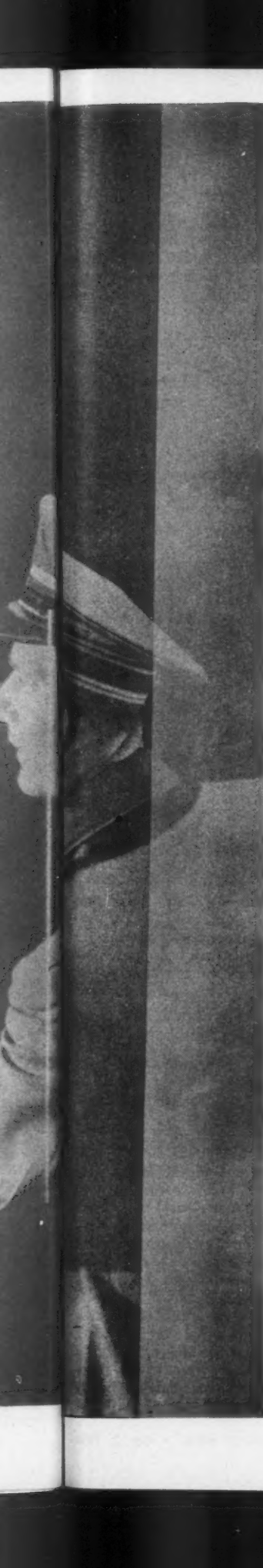
**6** *Betz engineers work closely with their customers to help set up correct water-conditioning systems. To users of raw-material chemicals, WYANDOTTE Technical Service offers the same co-operation. We will be pleased to work with you in your plant or in our extensive research center.*



**7** *Wyandotte's new Research Center may provide you with the key to product improvement and lower processing costs. Skilled service-scientists, working with the very latest equipment, are ready at all times to apply their experience, and our wide range of chemicals, to your problems.*

7 8 9 10 11 12





## **New**

# **Phantom Elevator Attendant Cuts Waiting Time In Half**

You're going from the lobby to the 9th floor in an operatorless elevator. The traffic is light. The car stops at the third floor for an upgoing call. The doors open. A passenger gets in. You wait.

Then come the seconds that seem like hours. It may be only five or six—but it's time wasted. This is the *fixed* interval in present operatorless systems when elevators are held at intermediate floors regardless of traffic intensity.

Westinghouse solved this problem with *Traffic Sentinel*, an invisible beam projected across the doorway that substitutes for a car attendant. This electronic "phantom attendant", always alert, closes the doors promptly after the last passenger has entered or left the car. It adjusts door closing *automatically* according to the intensity of the traffic, substantially reducing unnecessary waiting time. Doors remain open only as long as the traffic flow requires.

This is the latest Westinghouse Elevator contribution to more efficient operatorless service. It's part of our Selectomatic Traffic-Controlled System, today's fully automatic heavy traffic Elevating for office buildings, hotels, hospitals, and stores. We'd like to show you this system in action. Send the coupon, or call our nearest office listed in the Yellow Pages.

## **Westinghouse Elevators**

PASSENGER AND FREIGHT ELEVATORS • ELECTRIC STAIRWAYS  
PROTECTIVE MAINTENANCE AND SERVICE

YOU CAN BE SURE...IF IT'S **Westinghouse**

J-98707

**For complete  
information, send  
the coupon today**

Westinghouse Elevator Division  
Dept. SP-3, 9 Rockefeller Plaza, New York City  
Please send booklet on "Traffic Sentinel."

NAME AND TITLE .....  
COMPANY .....  
ADDRESS .....  
CITY .....ZONE .....STATE .....

the MO-PAC EMPIRE  
spells...

## INDUSTRIAL OPPORTUNITY!

**M**ARKETS and  
MANPOWER

**O**IL, COAL, and  
NATURAL GAS

**P**OWER and  
PLANT SITES

**A**GRICULTURAL  
PRODUCTS

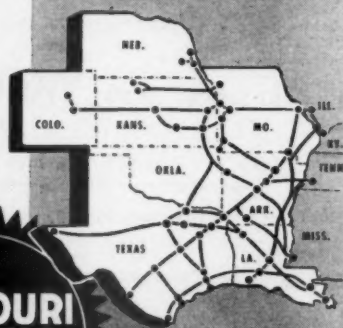
**C**OORDINATED TRAIN-  
TRUCK SERVICE  
via MO-PAC

The WEST-SOUTHWEST offers industry a treasure chest of natural resources...a large labor supply...and one of the nation's fastest growing market areas that is amply provided with dependable transportation. Thinking of expanding? Let us give you *all* the facts about industrial opportunity in the MO-PAC Empire!

WRITE or WIRE: Industrial Development Depts., Missouri Pacific Lines, 1706 Missouri Pacific Bldg., St. Louis 3, Mo., or Union Station, Houston 1, Texas. Inquiries are kept in strict confidence.

**MISSOURI  
PACIFIC  
LINES**

SERVING THE WEST-  
SOUTHWEST EMPIRE



## READERS REPORT

### A 50-50 Split

Dear Sir:

I... agree with the sound approach by Foreign Operations Administration boss, Harold Stassen, in splitting the purchase of Indian railroad equipment 50/50 between American manufacturers and foreign producers, as reported recently (BW—Sep. 11 '54, p. 152).

Any depressed American industry should have the right to demand special consideration in the expenditures by the Foreign Operations Administration of funds appropriated by Congress for assistance to our friends abroad.

Many American industries today cannot compete with the low labor costs and government subsidies enjoyed by their foreign competitors.

Is it not fair to demand that any American industry operating facilities at less than 75% of their productive capacity be accorded the same assistance by Stassen as was given to the American railroad equipment manufacturers?

W. J. GLEASON

ORINDA, CALIF.

• It may be a precedent-setter.

### No Orchids

Dear Sir:

... Your article, What's Wrong With Flowers? (BW—Sep. 4 '54, p. 130) ... is quite enlightening to us florists who have spent our lifetime in the industry.

However, you have me in the wrong city. I have been merchandising flowers in Portland, Ore., for the past 47 years, and am very proud of our shops.

The only Tommy Luke I know of in Seattle is a Chinaman who is in the laundry business, and who I think copied my name.

TOMMY LUKE

PORTLAND, ORE.

Dear Sir:

... As one of the many who like flowers, over a period of time I have conducted my own small survey of the florist business here in Tulsa (incidentally without help from Uncle Sam). ... For whatever it's worth, one "consumer attitude" in Tulsa runs like this:

When I stop in at a downtown ... shop, what am I offered? Roses at from 50¢ to \$1.00 or more "a stem" (and as your article mentions, there's considerably more stem than rose), "mums" at \$1.00



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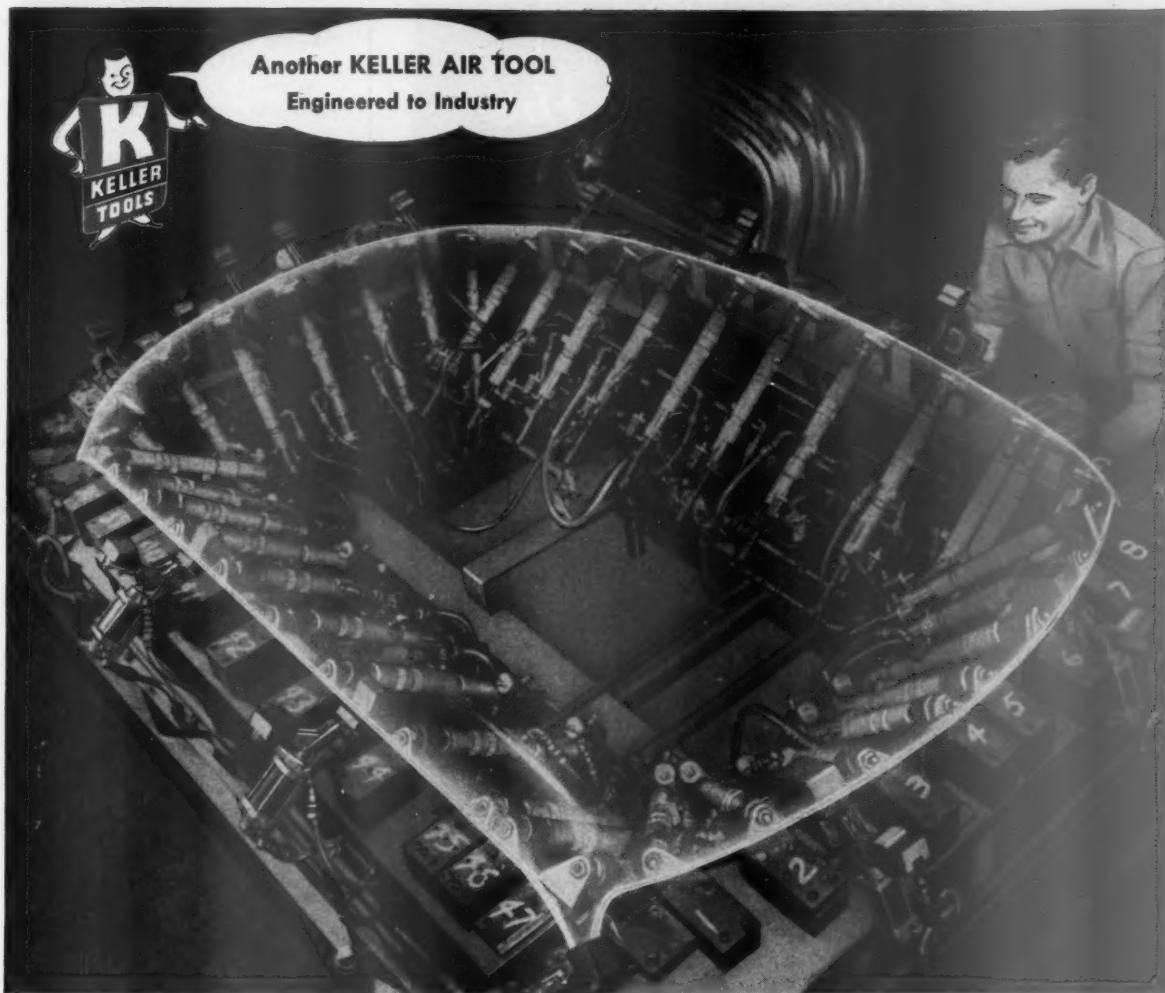
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## TOOL-UP COST ... \$26,000 INSTEAD OF \$200,000

Sometimes the savings from Keller Airfeedrills are quite dramatic. This was the case when an automobile manufacturer devised a fixture with Airfeedrills for drilling the edges of sedan roofs.

With this fixture, two men have maintained a production rate of 67 roof panels per hour—more than one a minute—although they spend most of their time lifting panels on and off the fixture.

The illustration above shows a top panel in phantom, with the Airfeedrills underneath, ready to drill. By pressing a single pushplate, all 47 Airfeedrills are operated simultaneously—advancing, drilling, retracting, and shutting off automatically. Drilling takes only 5 or 10 seconds, and the cost per car and per hole is unbelievably small.

Even more dramatic is the saving on tool-up cost. The fix-

ture—including all design and engineering time, and the 47 Airfeedrills—costs only about \$26,000. The tool engineers who designed it say the only other equipment capable of doing an equivalent job would be a machine tool costing in the neighborhood of \$200,000.

The Airfeedrill is just one of many Keller Air Tools that industry uses to increase production, reduce costs, and make hard jobs easier.

## KELLER TOOL COMPANY

1301 FULTON STREET

GRAND HAVEN, MICHIGAN



Air Mallets



Drills



Compression Riveters



Air Motors



Screw Drivers



Grinders



Nut Setters



Airfeedrills

*Air Tools engineered to industry*

INDUSTRY *Lives by the*

INCH

**Crushtue Grinding** is a good example of what may be achieved by challenging the conventional and adopting an entirely new approach.

Diamonds have been used to dress grinding wheels ever since the dawn of the industrial epoch. Then Sheffield engineers commercially introduced a new process to American Industry—a process by which the periphery of the wheel is quickly crushed to any desired profile by a formed steel roll. Thus the full form of the roll is transferred to the work part as it passes under the grinding wheel.

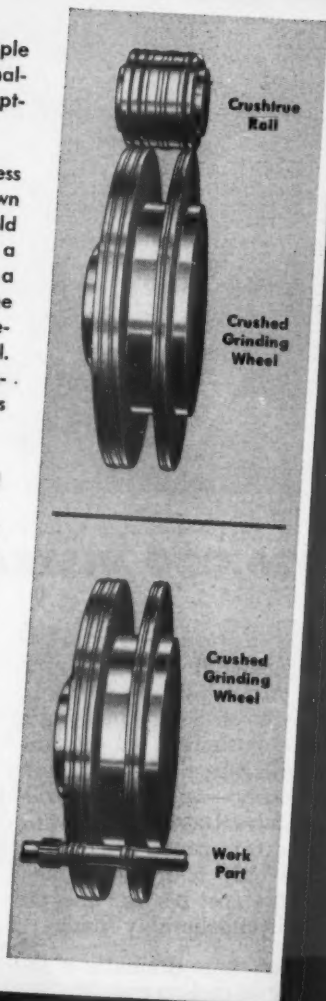
Intricate form and thread grinding have been put on a low-cost, high-production basis. Millions of dollars and countless hours of valuable time have been saved. Uniformity and precision of the end products have been greatly increased.

Without modern economical production equipment to assure interchangeability, both the mass production assembly line and today's replacement parts system would be impossible.

**Industry lives by the inch.**

Machine Tool Division,  
The Sheffield Corporation,  
Dayton 1, Ohio, U.S.A.

6913



**SHEFFIELD**

or more apiece, etc. If "small flowers" are available at all, the price is much too steep. . . .

When I look at the banks of flowers at some funerals . . . I sometimes wonder if the bereaved they are sent to comfort notice them at all. It is easy for me to think that the huge sum of money represented might be spent to better purpose. . . .

You report that the florists have fought "tooth and nail" against the trend toward seasonal flowers at low prices provided by other outlets such as chain stores. Why fight tooth and nail? Why not copy the tactic of trying to give the consumer what he wants at a reasonable price? I would buy a few flowers (more often) if I had a chance to do so at a price I could afford. . . .

May I suggest that florists apply a little old-fashioned thought and work to their own problem before they seek or accept Uncle Sam's help? Do they want to wind up with Uncle Sam pegging the price of flowers to "parity," guaranteeing every florist a "fair and reasonable profit," telling growers what to plant and when to plant it, and so on—and in the process also guaranteeing a glut of flowers to be "sold" to the government while I and others like me still cannot afford to buy flowers?

This letter is not intended to criticize florists as individuals or as a group. When they do not try to solve their own difficulties but turn instead to Uncle Sam for an easy solution, they do what all too many of us do.

. . . We object to high taxes and government controls. But if so many of us continue to cry gimme, gimme, gimme, and run to Uncle Sam wanting surveys and experiments and assistance and, above all, SECURITY, how can taxes and controls be avoided? . . . If our present trend continues, one day soon we will have sent FREEDOM itself to its eternal rest. As for me, when that day comes, "please omit flowers."

ETHELYN WILES

TULSA, OKLA.

## Years to Remember (Cont.)

Dear Sir:

The Sept. 4 issue of BUSINESS WEEK was especially interesting to one who has been a reader for, I believe, 25 years. . . .

It's good sometimes to look back

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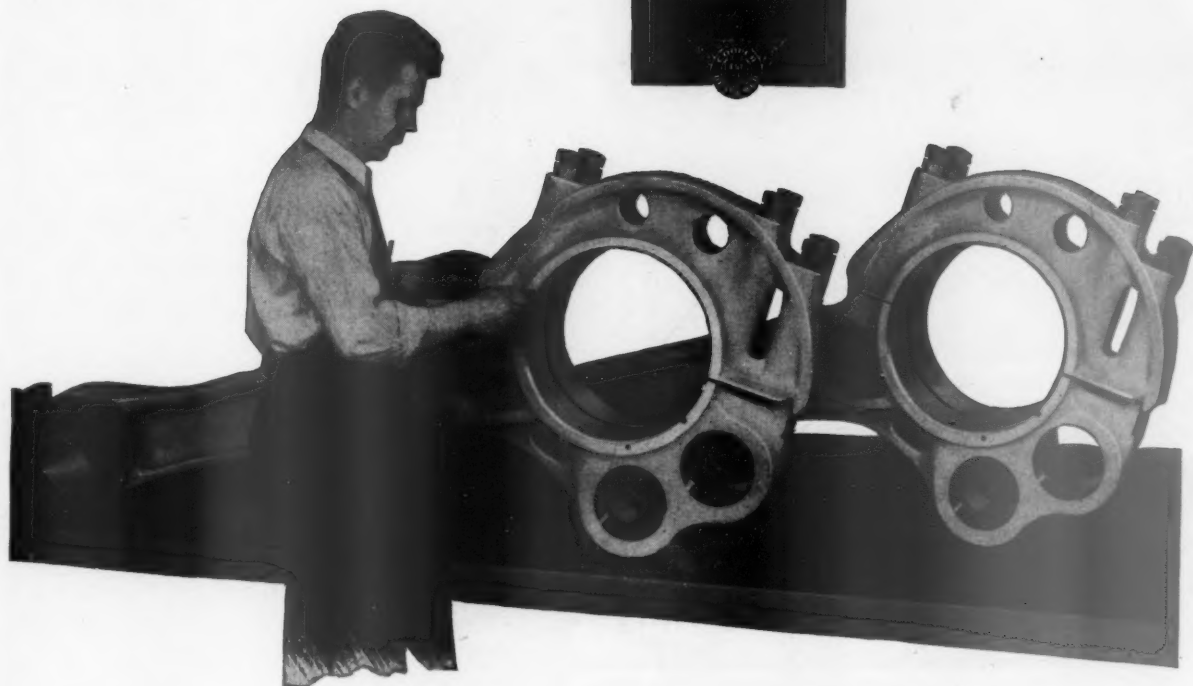
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## Integrity is this "Con Man's" business!

**Y**OU'VE heard of con rods—short for connecting rods. A far cry from the kind in your auto engine, the huge ones above will go into the type of Cooper-Bessemer engine that powers our nation's biggest cross country gas pipe lines. And the "con man" checking them must make sure that they are finished to extremely close tolerance—precision perfect!

Maybe you wouldn't associate watch-like accuracy with a 100-ton giant of a machine. But you can bet your bottom dollar that every big Cooper-Bessemer is just as much a precision engine as the one in your car . . . if not more so.

That's one reason why Cooper-Bessemers in *all* kinds of heavy-duty service set records for years of virtually continuous operation

with an unmatched minimum of down time and maintenance expense. It pays off mighty well for Cooper-Bessemer customers.

If you have a stake in heavy-duty power, be sure to check on modern Cooper-Bessemers . . . and find out about the *new* things being done by one of America's *oldest* engine builders.



New York • Chicago • Washington • San Francisco • Los Angeles •  
San Diego • Houston • Dallas • Odessa • Tampa • Greggton •  
Seattle • Tulsa • St. Louis • Gloucester • New Orleans • Shreveport  
Cooper-Bessemer of Canada, Ltd., Halifax, N. S.

**DIESELS • GAS ENGINES • GAS-DIESELS • ENGINE-DRIVEN AND MOTOR-DRIVEN COMPRESSORS • HIGH PRESSURE LIQUID PUMPS**

# When storms knock out electric power...



*Prevents losses from frozen plumbing, food spoilage.  
Protects your family from dangers and hardships.*

When storms interrupt electric power you have no heat, refrigeration, lights or even water if you have your own well. Radio, sump pump, water heater and other electrical equipment cannot operate.

You can avoid losses, dangers and hardships by installing an Onan Emergency Electric Plant in your garage or basement. Very little space is required; installation is simple and inexpensive. When power outages occur, the Onan Plant supplies regular 115-volt A.C. electricity for as long as the emergency exists. Automatic controls start the plant when power is interrupted and stop it when power is restored to protect your home even when you're away!

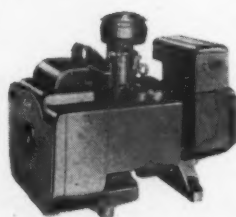
Onan Emergency Electric Plants are built in capacities to fit the needs of any home or business . . . 1,000 to 50,000 watts.

*Write for **FREE** estimate!*

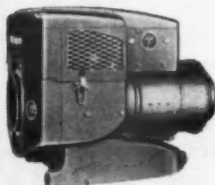
*If you will let us know your requirements we will recommend the size and type plant you need.*

**D. W. ONAN & SONS INC.**

8333 University Avenue S.E.  
Minneapolis 14, Minnesota



MODEL 5CW 5,000 watts A.C.  
Gasoline-Powered



MODEL 305CK 3,500 watts A.C.  
Gasoline-Powered



as low as  
**\$384<sup>00</sup>**  
(1,000 watt model)

and realize that the "good old days" had their many problems, too.  
D. R. LONG

PRESIDENT  
TAGCRAFT CORP.  
LANCASTER, PA.

Dear Sir:

I spent a very pleasant weekend reading . . . about the great 25 years through which we have lived, and how it had been the privilege of your good publication to record them.

I was disappointed in one article, viz. the one . . . which described . . . the non-ferrous metals, and in your complete omission about the place that scrap has taken in the non-ferrous field. . . .

About 35 years ago there was not sufficient scrap copper business to warrant inclusion in the U. S. Bureau of Census Figures, and yet in 1953 the total scrap used was 1,289,304 tons. This does not include copper base alloy scrap, which adds greatly to this tonnage.

. . .  
BEN KAUFMAN  
ASST. GENERAL MANAGER  
AJAX METAL DIVISION OF  
H. KRAMER & CO.  
PHILADELPHIA, PA.

Dear Sir:

Reference is made to your 25-year Report. . . . You missed one important growth metal which is in inexhaustible supply within our own shores—magnesium.

DENNIS E. HARVEY  
VICE-PRESIDENT  
MAGNESIUM CO. OF AMERICA  
WASHINGTON, D. C.

• **BUSINESS WEEK's** Special Report "The 25 Years That Remade America" did not attempt to catalog all of the important elements, but to highspot the economic panorama of the past quarter century.

Dear Sir:

In your excellent Report . . . you state that last year thirteen million yards of textiles were produced. . . . I believe that thirteen billion yards is more correct.

SYDNEY WEISS  
WEISS-FRIEDMAN CO.  
NEW YORK, N. Y.

Dear Sir:

. . . One question [on the] Special Report (which was very incisive—the common approach for BUSINESS WEEK.)

. . . The textile production figure for 1953 seems, for all the trials



# The Modern Genie in the Metal Bottle

## MASTER- WHAT IS THY BIDDING?

A story in the "Arabian Nights" relates how a fisherman one day hauled a strange "brazen vessel" from the sea. When he removed the stopper, a huge cloud roared out and formed a genie so powerful he could perform miracles for the owner of the odd metal bottle.

For today's "fishermen" of American industry, HI-PAC has developed a modern genie in a metal bottle. This genie is air or gas loaded under great pressure in low-cost disposable or re-fillable metal cylinders.

Stored indefinitely, this new genie can be released to perform an ever-increasing number of modern miracles—from opening bomb bays to heating arctic clothing to freezing foods.

You owe it to your company to find out more about the virtually limitless possibilities of this amazing new development. Write today.



HI-PAC cylinders and valves can initiate life preservers.



HI-PAC cylinders and Prostee cases can supply the right pressure for a tourniquet.



Low-cost, disposable or re-fillable HI-PAC cylinders can spray insecticides.



HI-PAC cylinders are the heart of new, light-weight, low-cost fire extinguishers.

# HI-PAC

DIVISION OF THE

WORCESTER PRESSED STEEL COMPANY

Pioneers in Metal Stampings Since 1883

**FREE!**

**HI-PAC DIVISION  
WORCESTER PRESSED STEEL COMPANY<sup>1</sup>  
Barber Avenue, Worcester, Mass.**

Please send me your free new brochure, "The Modern Genie in the Metal Bottle."

NAME

TITLE

COMPANY

ADDRESS

HI-PAC



## To get a greater return for your eye safety dollar...

As a natural result of Industry's continued efforts to reduce eye accidents, more and more workers are wearing industrial safety prescription glasses on the job.

In too many instances, however, there has been a failure to make complete use of the services of the professions to verify the lens properties of these glasses, fit the glasses to the worker and maintain them in proper adjustment.

As a consequence, safety standards have been jeopardized in some areas, through the use of flammable non-safety frames, — or lenses of questionable impact resistance. Tragic, unnecessary and costly accidents have resulted.

American Optical Company believes that corrective-protective glasses should reach the employee only when adequate professional services are provided. Such procedure is the surest and most ef-

fective way to combat the breakdown of safety standards. In some states, this procedure is required by law.

Corrective-protective glasses made by American Optical Company meet all safety requirements. Super Armorplate lenses carry this mark (AO) indicating that they are heat-strengthened and comply with rigid specifications for thickness and impact resistance. Frames are made of corrosive-resistant metal or non-flammable plastic and are sturdy enough to withstand use under normal working conditions. They also carry the AO trademark.

The employment of adequate professional services and the standardization of AO lenses and frames by your Safety Director assure the maximum return for every dollar invested in visual safety. He will welcome your interest and support.



SOUTHBRIIDGE, MASSACHUSETTS • BRANCHES IN PRINCIPAL CITIES



Keep your workers  
in the Safety Zone  
with American Opti-  
cal Safety Equipment.

# BUSINESS OUTLOOK

**BUSINESS WEEK**

**OCT. 2, 1954**

**A BUSINESS WEEK**

**SERVICE**

Unemployment can't have been so bad as union chiefs seem to think. If it had been, everyone would have heard a lot more about hard times—particularly on the retail front.

Consumer spending, of course, tells the story. This last year, going by the retail figures, hasn't had many earmarks of a recession.

Usually, when jobs are being lost and new ones are hard to come by, you get retrenchment in family budgets. Worse still, the cut in spending leads to the loss of still further jobs.

We haven't had any real sign of that any time in the postwar era.

Even in 1949, there was no real snowballing. And, this year, it took a new census method even to get a mildly alarming figure.

One change in employment has taken place that is important—and it has some of the appearance of a milestone.

**This is the drop of more than 1½-million factory jobs.**

Doubtless it's more than coincidence that this showed up with tightening competition and a run-off in job-sheltering defense work.

Labor hoarding is a thing of the past almost everywhere. (It's only surprising that it took so long to break the World War II habit.) And feather-bedding, where possible, has been checked by the cost squeeze.

Manufacturing employment will rise some, of course, as activity expands. But it won't jump quickly from its recent level of 15.9-million to its year-ago high above 17½-million.

As things stand now, improvement is in the very early stages.

You see this in the Bureau of Labor Statistics' figures on "separations" and "accessions." Factories were "separating" 37 workers per 1,000 employed (mainly through firings and layoffs) each month from January through May. And they were replacing only 26 of them.

Recently, the separation rate has been down to 31 per 1,000. And it was balanced by hirings—32 per 1,000 from June through August.

Here are two important clues to conditions in the labor market:

- Layoffs and firings averaged 25% less than in the early months of the year. That shows the better feeling of management.
- Quits have risen slightly. Put yourself in the place of the worker, and you'll see what this means. He is less afraid to change jobs.

Unemployment isn't likely to go back down to 1¼-million any time soon (just as factory employment won't get back to last year's peak). Maybe 3-million is closer to a "normal float" (which is about what the labor market analysts were telling us 10 years ago—before we had our go at extraordinarily full employment).

And don't take too seriously the talk about "underemployment." More than half the 9-million working short weeks in August neither wanted nor would have accepted anything more than part-time jobs.

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

OCT. 2, 1954

Steel is an industry that is likely to show a better-than-average gain in output the rest of this year—and a fair addition to employment. (Jobs in industries turning out primary metals are 13% below last year.)

Betterment in steel is showing up almost from day to day.

Bethlehem added one open hearth in Buffalo on Monday, next day a blast furnace and an open hearth. And Youngstown Sheet & Tube announced resumption of operations at its Brier Hill works.

Steelmakers' refusal to step up output until the business is in hand shows up in the industry's weekly operating rate. Ingots poured last week outran first-of-the-week expectations by about 3%.

—●—  
Retail sales, approached from almost any angle you like, show very little effect of recession and lower employment.

All retail sales (which include autos) for the nine months will weigh in at about \$123-billion. That's less than 2% below a year ago (and the 1953 period smashed all records).

Department store sales (which include little automotive and are less weighted with hardgoods generally) show about the same thing: off 2%.

Food is among the more elastic items in the worker's budget (he may not eat less, but he can eat less well); yet, despite all the layoffs and shorter work weeks, dollar expenditures on food are up a tiny bit.

And here's an indicator within an indicator—a food item that might be more sensitive than food in general:

Beef has been selling as never before—and at prices that average just about the same as a year ago. This has gone on, it might be added, right in the face of a sharp decline in the cost of pork.

—●—  
Unusually active home building undoubtedly is taking a hand in higher output in furniture, home furnishings, appliances.

Yet it should be noted that retail sales in these lines at no time were down nearly as far as production. Actually, the output cut was mainly to dispose of inventory piled up all along the line.

Latest Federal Reserve figures indicate that durables for household use have retraced about one-third of the ground lost since last summer.

Carpets and rugs apparently have had one of the longest pulls in the home furnishing field. Now, however, manufacturers think they see a better flow of orders beginning.

This turn will help put across recent price boosts.

Plants making home laundry equipment and refrigeration passed their output peak a little earlier than most appliance producers. And it looks as though they were regaining lost ground quicker.

In any event, the recovery for refrigeration is close to two-thirds of the lost ground and laundry equipment nearly half.

Small appliances and miscellaneous household items such as cutlery, pottery, and glassware show little progress so far, as a group.

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## *You can't take pumps for granted!*

**They save you work...they may save your life**

**IN THE HOSPITAL**, today, a remarkable man-made pump can take over while the surgeon repairs that greatest of all pumps, the human heart.

That's a far cry from the old fashioned pumps of our grandfathers; as are the hundreds of other modern pumps that are working for you.

**IN OUR HOMES**, pumps of many makes and types empty washing machines, operate refrigerators, or feed oil to furnaces. At the filling station a pump fills your car's tank with gasoline.

On the road a fuel pump moves the gasoline from tank to engine, while other pumps circulate the oil that lubricates the engine and the water that cools it.

**IN INDUSTRY**—Specially designed pumps move most everything from milk to molten metals. Such pumps wouldn't be possible without today's special materials.

Pumps made of carbon or plastics resist corrosive

chemicals that would destroy metal. Stainless steel pumps assure purity in food and drug production, and other alloy steels make possible pumps that resist extreme heat, cold, pressure, or wear.

**THE WORK OF UCC**—Better materials for all kinds of pumps—long-lasting alloy metals, tough plastics, entire pumps of carbon—are but a few of the many important products of the people of Union Carbide.

**FREE:** Learn more about UCC materials that go into pumps and so many other things you use. Ask for "Products and Processes" booklet J.

# UNION CARBIDE

## AND CARBON CORPORATION

30 EAST 42ND STREET  NEW YORK 17, N. Y.

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### *UCC's Trade-marked Products include*

HAYNES STELLITE Alloys	ELECTROMET Alloys and Metals	NATIONAL Carbons	PRESTONE Anti-Freeze	LINDE Oxygen
ACHESON Electrodes	EVEREADY Flashlights and Batteries	REST-O-LITE Acetylene	PYROFAX Gas	Dynel Textile Fibers
KARBATE Corrosion-Resistant Equipment	BAKELITE, VINYLITE, and KRENE Plastics	SYNTHETIC ORGANIC CHEMICALS		



## YOU'LL HAVE A BETTER BUSINESS WHEN YOUR TROUBLES ARE TAGGED!

Most modern businessmen realize the importance of complete insurance protection. You rely upon your insurance agent for expert advice and professional services in getting this protection. That's wise.

But now think of *this*—that same man, your Home Insurance agent, can also help you to eliminate trouble spots. He has over a hundred years of Home Insurance experience behind him. He *knows* what causes fire and other hazards—and how to stop them.

Call on him. He'll be glad to arrange an expert, friendly inspection of your property. If there are any danger spots you'll *know about them*, and can have them fixed.

Then, like thousands of other businessmen who have done this, you'll have a better, safer business.



You can insure income, too.

Ask your Home agent about the new *Earnings Insurance*, which provides that your income will continue if your business is closed as a result of fire, windstorm or any other peril covered by insurance.

★ Your HOMEtown Agent can serve you well—see him now!



### ★ THE HOME ★ *Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N. Y.

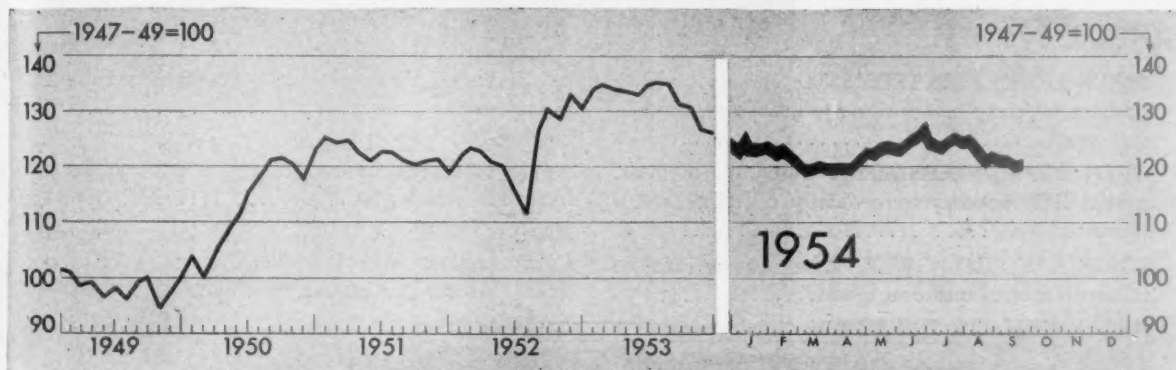
FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes  
Casualty Insurance, Fidelity and Surety Bonds



*The Home, through its agents and brokers, is America's leading insurance protector of American homes and the homes of American industry.*

# FIGURES OF THE WEEK



**Business Week Index (above)** . . . . . \*121.3 †121.2 122.6 132.0 91.6

## PRODUCTION

Steel ingot production (thousands of tons).....	1,642	†1,637	1,525	2,149	1,281
Production of automobiles and trucks.....	71,017	†74,026	113,496	140,953	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$47,907	\$54,117	\$53,292	\$53,288	\$17,083
Electric power output (millions of kilowatt-hours).....	9,072	9,074	9,227	8,354	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	6,184	6,196	6,141	6,486	4,751
Bituminous coal production (daily average, thousands of tons).....	1,322	1,329	1,257	1,608	1,745
Paperboard production (tons).....	246,383	244,607	241,922	257,907	167,269

## TRADE

Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars).....	69	68	67	79	82
Carloadings: raw materials (daily av., thousands of cars).....	49	48	46	59	53
Department store sales (change from same week of preceding year).....	none	-5%	none	+6%	+30%
Business failures (Dun and Bradstreet, number).....	212	195	184	152	22

## PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	405.9	407.5	410.7	409.3	311.9
Industrial raw materials, daily index (U. S. BLS, 1947-49 = 100).....	87.7	87.3	86.6	82.1	††73.2
Foodstuffs, daily index (U. S. BLS, 1947-49 = 100).....	94.2	95.4	98.5	95.8	††75.4
Print cloth (spot and nearby, yd.).....	19.0¢	19.0¢	18.9¢	20.5¢	17.5¢
Finished steel, index (U. S. BLS, 1947-49 = 100).....	144.6	144.6	144.5	141.7	††76.4
Scrap steel composite (Iron Age, ton).....	\$30.17	\$30.17	\$28.67	\$31.50	\$20.27
Copper (electrolytic, Connecticut Valley, E&MJ, lb.).....	30.000¢	30.000¢	30.000¢	29.780¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$2.38	\$2.39	\$2.44	\$2.18	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	\$4.80¢	\$4.61¢	\$4.17¢	\$2.74¢	\$0.56¢
Wool tops (Boston, lb.).....	\$2.23	\$2.23	\$2.25	\$2.12	\$1.51

## FINANCE

90 stocks, price index (Standard & Poor's).....	257.8	251.8	240.5	185.6	135.7
Medium grade corporate bond yield (Baa issues, Moody's).....	3.47%	3.48%	3.47%	3.88%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1½-1½%	1½-1½%	1½-1½%	2½%	¾-1%

## BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	54,547	54,490	54,215	52,801	††45,820
Total loans and investments, reporting member banks.....	82,980	83,084	82,977	78,916	††72,036
Commercial and agricultural loans, reporting member banks.....	21,005	21,023	20,773	23,035	††9,299
U. S. gov't guaranteed obligations held, reporting member banks.....	35,908	35,790	36,107	31,393	††49,879
Total federal reserve credit outstanding.....	24,651	25,020	24,859	26,228	23,883

## MONTHLY FIGURES OF THE WEEK

Cost of Living (U. S. BLS, 1947-49 = 100).....August.....	115.0	115.2	115.0	83.4
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\* Preliminary, week ended Sept. 25, 1954.

† Revised.

†† Estimate.

‡ Date for "Latest Week" on each series on request.

# in BUSINESS this WEEK...

## GENERAL BUSINESS:

**GREEN LIGHT FOR THE 1955s.** The automobile industry is ready and waiting to greet new models next week. ....p. 25

**WHEN TOP BANKERS MEET.** Delegates at ninth annual IMF meeting were chiefly concerned with convertibility. ....p. 27

**AGAIN A WORLD POWER.** What renewed British influence means and can mean. ....p. 29

**RUBBER STILL ON THE BLOCK.** Bids remain low

as dickering for government-owned synthetics plants nears close. ....p. 30

**WHAT IF THE DEMOCRATS WIN?** Business would face frustrations of a split government, a blow to confidence. ....p. 31

**HIGH COURT: A FULL CALENDAR.** Supreme Court Justices will face such matters as "fair trade," labor, and natural gas control. ....p. 32

**Business Briefs** ....p. 34

## BUSINESS ABROAD:

**STEEL MILL WITH STRINGS ATTACHED.** India ponders Soviet offer of industrial aid—on terms no West-ener could match. ....p. 150

**WEST BERLIN BOOSTS ITSELF.** As city opens Fifth German Industrial Fair, it's clearly doing better. .p. 152

**WHEN TOP BANKERS MEET.** Delegates at ninth annual IMF meeting were chiefly concerned with convertibility. ....p. 27

**AGAIN A WORLD POWER.** What renewed British international influence means and can mean. .p. 29

	Page
Business Outlook .....	17
Washington Outlook .....	37
International Outlook .....	147
Personal Business .....	167
The Trend .....	184
Figures of the Week .....	21
Charts of the Week .....	170
Local Business .....	142
Readers Report .....	8

**RUBBER STILL ON THE BLOCK.** Bids remain low as dickering for government-owned synthetics plants nears close. ....p. 30

## COMMODITIES:

**OUTLOOK FOR WOOD PRODUCTS: FIGHT AGAINST A TREND.** Stanford Research Institute says plywood and pulp look fine, lumber dreary. ....p. 84

## FINANCE:

**SECONDARIES: FOR A QUICK SALE.** This method of selling large stock holdings is becoming more popular. ....p. 114

**BANKS PLAY SECOND FIDDLE.** Finance companies again take largest share of auto loans. ....p. 120

## INDUSTRIES:

**PUTTING PLANTS CLOSER TO MARKETS.** Small refineries for local markets symbolize a new trend in the Upper Midwest. ....p. 132

**OHIO IN THE MIDDLE.** Four-year-old cold war among truckers, rail and the state got hotter last week. ....p. 134

**GREEN LIGHT FOR THE 1955s.** The automobile industry is ready and waiting to greet the new models next week. ....p. 25

## LABOR:

**UNIONS MAP NEW GOALS.** AFL and CIO reach agreement on most convention issues—politics, national economy. ....p. 158

**UNIONS AND THE SHERMAN ACT.** Dispute over bringing labor under antitrust laws threatens Administration harmony. ....p. 162

## MANAGEMENT:

**GE SEEKS THE ANSWERS IN ITS DISTRIBUTION SYSTEM.** They're trying to match output to consumer buying habits. ....p. 68

**THE HARD WORLD OF BUSINESS: A BRIEFING FOR COLLEGE MEN.** Executives give Northwestern University seniors an introduction to reality. ....p. 76

**HOW TO EASE THE TAX BITE.** Jersey Standard hopes to do it by acquiring more Humble Oil shares. ....p. 80

## MARKETING:

**I. MEASURING RETAIL SALES OF HARDGOODS.** New survey may

give manufacturers the guideposts they've needed. ....p. 44

**II. A PROFILE OF RETAILERS IN A METROPOLITAN MARKET.** Syracuse took the spotlight in the new study. ....p. 52

**CIGARETTE OUTPUT: DOWN AGAIN.** The 3% drop last year was the second in a row. ....p. 59

**DOWNTOWN WOES.** Central business districts join in fight against encroaching suburban trade. .p. 64

## THE MARKETS:

**THE REACTION FAILS TO APPEAR.** And the market continues bullish here and abroad. ....p. 124

## NAMES & FACES:

**THE MAN WHO WANTS MONTGOMERY WARD.** Louis E. Wolfson wages a crusade, but not for fame or fortune. ....p. 172

## PRODUCTION:

**COTTON TRIES MARRIAGE WITH OLD FOE.** The chemical that gave us synthetic fibers now will work to save King Cotton. ....p. 96

**SPECIALIST'S STRATEGY.** Charles A. Dana (cover) uses a three-fold plan to combat the shrinking auto parts market. ....p. 104

**NEW PRODUCTS** ....p. 113

## REGIONS:

**THE INCOME PATTERN:** Under '53, but holding firm. ....p. 128

## RESEARCH:

**NEW REACTOR FOR INDUSTRY USE.** Within a year, Armour Research Foundation will give industry its first atomic pile. ....p. 41





## It's a metal...yet smoke goes through!

Here's a startling new development...one promising to advance the design of aircraft and jet engines and to make better and purer products.

It's a microporous sheet of sintered stainless steel powder.

It filters materials so thick or viscous that they stand apart when cut with a knife. From gases it filters particles ranging from 4 to 20 millionths of an inch in size.

Will you be the next to improve products or lower your costs by utilizing this revolutionary development?

Available in strong sheets that may be welded, sheared, fabricated or shaped like solid sheet...this porous metal has in effect the same

corrosion resistance to acids and alkalies, and the same temperature characteristics as other forms of austenitic chromium-nickel stainless steel.

It's another instance showing how nickel, as an alloying element, imparts to other metals, strength, hardness, toughness and resistance to heat, shock, fatigue and corrosion.

### What is your metal problem?

Let Inco help you with counsel and data. From among the many alloys containing nickel, you can choose one to meet almost any reasonable fabrication and service demands. Send details for our suggestion.

Write for — "List A" of available publications.

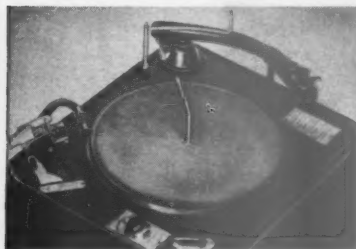


*Nickel Alloys Perform Better, Longer*

**THE INTERNATIONAL NICKEL COMPANY, INC.** 67 WALL STREET NEW YORK 5, N. Y.

## NICKEL ITEMS

Porous stainless steel is used to exclude oil and water from compressed air lines. For a petroleum refiner, it saves as much as \$300 worth of catalyst, daily. It protects delicate spinnerettes for manufacturers of synthetic fiber threads.



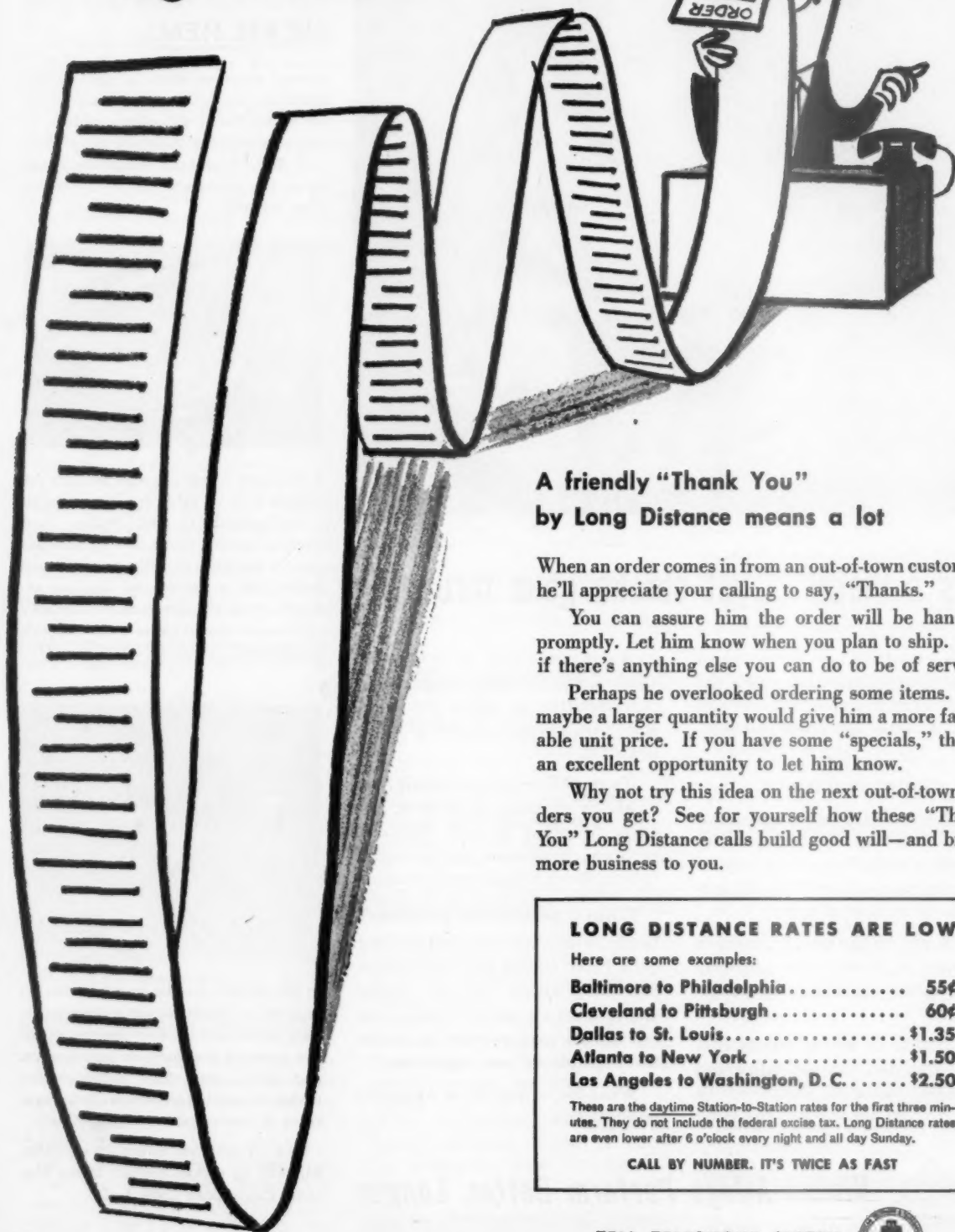
A producer of phonograph records cut rejects 50% by using it to filter specks from high-fidelity disc blanks. And leading manufacturers of TV tubes use porous stainless for filtration of wash water, lest a particle of lint, for example, reach the tube face. An impurity of this sort would cause a burned spot in the tube.



In jet planes porous stainless steel is used as an airfoil de-icer and for boundary layer control. Also used as moisture resistant breathers on instruments, and where other filter materials fail under operating pressures, temperatures or corrosion.

For information on porous stainless, Monel®, or nickel, contact Micro Metallic Corp., Glen Cove, L. I.

# Big Order?



## A friendly "Thank You" by Long Distance means a lot

When an order comes in from an out-of-town customer, he'll appreciate your calling to say, "Thanks."

You can assure him the order will be handled promptly. Let him know when you plan to ship. See if there's anything else you can do to be of service.

Perhaps he overlooked ordering some items. Or, maybe a larger quantity would give him a more favorable unit price. If you have some "specials," this is an excellent opportunity to let him know.

Why not try this idea on the next out-of-town orders you get? See for yourself how these "Thank You" Long Distance calls build good will—and bring more business to you.

### LONG DISTANCE RATES ARE LOW

Here are some examples:

Baltimore to Philadelphia .....	55¢
Cleveland to Pittsburgh .....	60¢
Dallas to St. Louis .....	\$1.35
Atlanta to New York .....	\$1.50
Los Angeles to Washington, D. C. ....	\$2.50

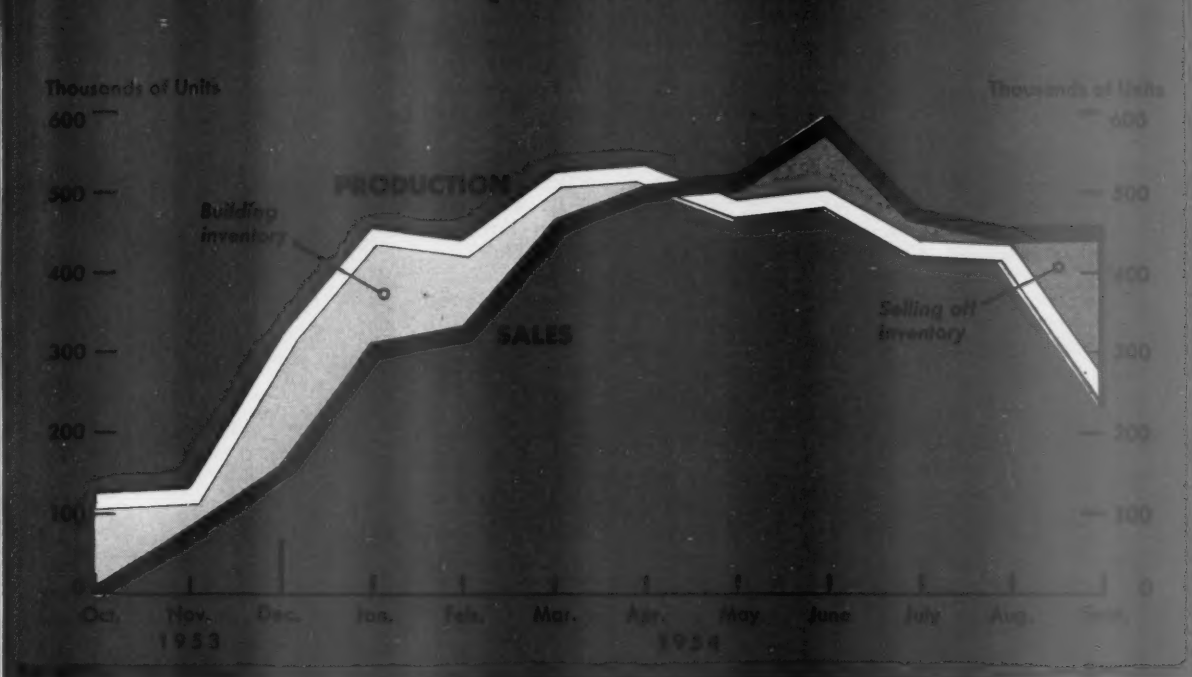
These are the daytime Station-to-Station rates for the first three minutes. They do not include the federal excise tax. Long Distance rates are even lower after 6 o'clock every night and all day Sunday.

**CALL BY NUMBER. IT'S TWICE AS FAST**

BELL TELEPHONE SYSTEM



## The Short and Competitive Life of the 1954 Car



## Green Light for the 1955s

Seen from Detroit, the automobile industry looks in surprisingly good shape as it waits for Studebaker to kick off the 1955 model selling year next Wednesday. As the chart indicates, 1954 models seem about ready to give way to the newcomers with reasonable speed and without all the dying gasps of a year ago. The industry figures only about 331,000 1954 model cars are still to be sold, against more than 500,000 holdovers when the 1954 season began.

That picture holds up when you look at dealers' showrooms around the country; with some exceptions, dealers echo one Phoenix agent's remark that "we're not hurting in inventory."

But the dealers' picture has a darker background. The inventory figures didn't get that way without a lot of hard pushing, some fantastic trade-in deals, all sorts of gimmicks ("seven optional features for 1¢ apiece," or "a Florida vacation with every new car")—and a big dent in profits.

This week, BUSINESS WEEK reporters

were hearing laments like these: "I'm giving my gross away" (San Francisco)—"Dealers are all but losing their shirts" (Chicago)—"Sold plenty of cars, but made little if any money" (Cleveland)—"We're averaging about half the normal profit on sales—but cars are moving" (Phoenix).

• **Buyers' Field Day**—The story of what happened to one Ford dealer in Washington, D. C., just about sums up the situation dealers have been facing, as price-conscious car buyers shop around for the best bargain.

This dealer quoted \$275 over the Blue Book on a trade-in, and thought he had the customer sold. But a week went by, and the customer stayed away. Then one day the customer drove in happily with a nice new 1954 Ford he'd gone to Scranton, Pa., to buy—at a trade-in figure that topped by \$500 what the Washington dealer offered.

• **Orderly**—But with all high pressure selling, dealers report that the movement of the 1954 models is on the whole more orderly, without quite the

razzle-dazzle methods of the "blitz" sales of late 1953 (BW—Oct. 3 '53, p. 29).

Some cities, such as New Orleans, talk of a "nice, normal, easy cleanup," though this phrase includes a sharp flurry of advertising, and one dealer who admits selling at a loss. In Nashville, everybody is "calm as an old shoe"—but advertising is heavy, some dealers are giving salesmen extra commissions, and dealers in lower-priced cars aim at a gross of \$150 to \$250, against the normal \$350 to \$400.

For one thing, this more orderly movement is due to the fact that dealers started working at it several months ago. For another, the manufacturers were determined not to get caught again with the highest stocks in history in the hands of their dealers (even last January, there were an estimated 100,000 1953 cars still unsold).

Factories started cutting back early in summer, and sales have been out-running production since May (chart, above). Chrysler went down for its complete change early this month, but a

few plants, notably Ford, are still turning out 1954 models. Both Ford and Chevrolet officials think that by the time the new models are out—somewhat earlier this year—their dealers will just about be out of 1954 lines. Most other plants agree.

• **Price Classes**—By and large, Ford and Chevrolet dealers around the nation chime in on this, though in some places they report inventories “higher than we’d like” and almost everywhere those in the know look for a continuation of the tooth-and-nail Ford-Chevy battle to move cars that are left.

Some Ford dealers, though—particularly in the West and South—claim they’re afraid of running out of 1954 models before the new ones come in. (A few dealers in other lines, in cities as far apart as Portland, Ore., and Philadelphia, express the same fear.)

Higher-priced lines also report a drop in inventory compared with last year—and in general the price concession and profit slicing picture is similar, if not as hectic as in lower-priced lines. The dealers who are sitting prettiest in the inventory picture seem to be those handling slowmovers such as Chrysler, DeSoto, Packard, and the other independents. But that’s only because they were able to get their manufacturers off their backs some time ago.

• **Bright and Dark**—The battle isn’t as frenzied everywhere, nor the profit situation as dark as in Chicago, where one dealer weeps, “We’re all giving our cars away.” Newspapers there carry two full pages of ads reading “No payments until next year,” or “You can save \$1,000,” or “\$300 for any car that runs”—but the cars are selling out fast.

In San Francisco, for example, one Ford dealer boasts that his profits are “better than 1953,” and says it’s all due to a factory-launched expense-cutting drive. By factory figures, the drive saved 7,000 dealers a total of \$121-million in two months, and boosted profits \$135-million. Some manufacturers have also been giving bonuses to dealers for high sales.

• **Killing the Goose?**—With buyers snapping up the bargains in 1954 models, you might think dealers would be worried about what will happen when the 1955s hit the showrooms. But on that question, the chorus of dealers comes back with a rousing “no”—and a few discordant notes.

Reasons for this dealer optimism on the 1955 model outlook are three:

• The last-minute buyer of old models, they say, is out to get a new car at the lowest possible price, and he’ll keep it five or six years. The man who goes for a new model as soon as it comes out buys style, changes every year or two, isn’t looking for a sharp deal but a nicer looking car.

• Some of the 1955 models will

have radical new styling, in the industry’s most extensive changeover in 20 years (BW—Aug. 14 ‘54, p26).

• A lot of people who bought cars in 1954, the dealers reason, were people who didn’t really need new cars but couldn’t resist the siren song of bargain offers. People who had money stashed away for a new car kept it there, and they’ll be the ones buying 1955s.

• **New Looks**—The minority—and it seems to be a small one—says dealers “have been borrowing from 1955 business for a long time.” Some of them are trying to work it both ways. A Ford dealer in Miami and a Plymouth dealer in Philadelphia advertise they’ll take in 1954s sold now in exchange for 1955s when they come out, at little or no charge. Philadelphians, at any rate, don’t bite very hard; they think there must be a catch.

In general, though, the optimists seem to have it. Like one Memphis dealer, they think the 1955 cars will be “something like Christian Dior’s new fashions”—people will want to be in the swim.

• **Style, Not Price**—And it’s style, rather than price changes, that manufacturers are relying on to sell the 1955 models—style, plus some basic improvements. Detroit was betting this week that no other manufacturer—with the possible exception of American Motors Corp.—would follow the lead of Studebaker in announcing a factory price cut (BW—Sep. 25 ‘54, p34).

For the most part, dealers were not looking for any lopping of list prices—mostly they turned thumbs down on the idea, on the ground that it would make trade-in competition harder, that buyers would still insist on discounts and the result would be to trim dealers’ profit margins even finer.

• **Special Case**—Detroit sizes up the Studebaker move as a special case: The company made practically the only price boosts last year, and now it had to come down again to get back into competition.

Basically, Studebaker cut the price of its cheapest V-8 (the Commander) by as much as \$287 in an effort to get within the range of the Ford V-8 and the new Plymouth and Chevrolet V-8s. Studebaker figured its 6-cyl. Champion wouldn’t be able to compete with the V-8 lines, and rather than putting an 8-cyl. engine into it, decided to try a price cut on the Commander.

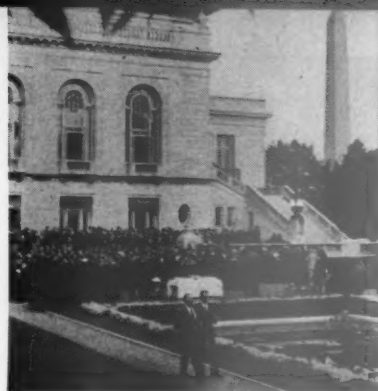
• **Gripes**—As Detroit sees it, there’s no reason for the factories to cut prices when sales are holding up anyway because dealers are trimming profit margins. Some dealers gripe, say manufacturers ought to take part of the cut; but most think a price cut would be harder on the dealers than the manufacturers, and look rather for help on advertising costs, expansion of dealer bonuses.



EUGENE BLACK told delegates 1954 would be a record year for trade but warned against cheapening government credit.



More than 1,000 Treasury officials, bankers, and financiers from more than 50 countries assembled in Washington this week for the ninth annual meeting of the International Bank and International Monetary Fund. At right, they go partying in the Pan American Union gardens; at left, they get together for a business session, with Pres. Eugene R. Black ready to speak.



**JAPAN'S** Sankuro Ogasawara talked for increasing trade and heard criticism that Japan isn't buying enough goods.

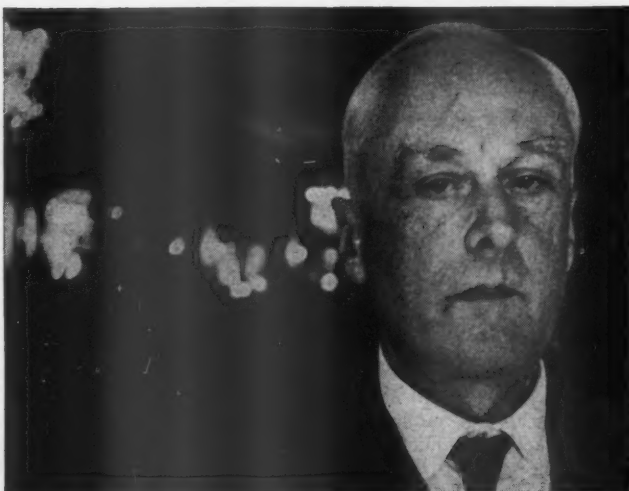


**FRANCE'S** Edgar Faure, Minister of Finance, backed the British plea for a cautious approach to convertibility.



**BRITAIN'S** Chancellor R. A. Butler led the fight to delay convertibility.

## When Top Bankers Meet



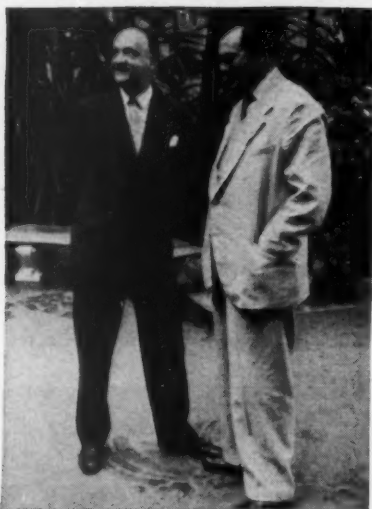
**GERMANY'S** Wilhelm Vocke, president of Bank Deutscher Lander, stressed the need for orthodox anti-inflationary policies and urged an early move for full convertibility of currency.

A year ago, financiers who attended the eighth annual meeting of the International Bank and International Monetary Fund spent most of their time discussing prospects of achieving full convertibility of currencies. Their conclusion: "Wait till next year."

Now it is next year, and delegates at this week's ninth annual meeting in Washington were again chiefly concerned with convertibility. This time they couldn't even talk in terms of "next year." The only appropriate slogan seemed to be "Patience for the Pound," a phrase coined by the London Economist.

If there was no optimism at the meetings, neither was there much pessimism. Instead, all sides showed a new recognition of the magnitude of the problems facing the international financial community. "There was an attitude of realism in every delegation," said a Monetary Fund governor.

• **Facing Facts**—You could sense the new realism both in the public speeches



**BRITISH TEAM** of Butler, left, and Reginald Maudling, Parliamentary Under-Secretary for the Treasury, said U.S. should liberalize trade policies first.

and in the private small talk that went on throughout the meetings.

Enthusiasts for convertibility continued to argue that everyone would benefit if it were possible to do business on a worldwide scale as freely as on a national scale. However, they admitted that countries like the U.S. would have to liberalize their own trade rules if they want a change of heart abroad.

Those who resist convertibility frankly confessed that domestic political pressures have a lot to do with their reluctance.

In addition, the delegates were given a verbal spanking by Eugene R. Black, president of the International Bank. Black minced no words in warning them that competition for world markets is raising a threat to the steady progress of world trade.

Improvement in world economic conditions, he pointed out, has turned a seller's market into a buyer's market. In order to compete, exporters have been stampeding for easy government loans. As Black sees it, no nation can win such a race by more liberal credit policies—other nations will follow suit, and the results will be a general breakdown.

## I. Postwar Gains

Though Black's words had an impact on the delegates, the mood of the meeting was still cheerful. It was clear that the postwar transition period is over. In 1954, as in 1953, world trade was maintained at a very high level. Despite a decline in U.S. imports, the economies of Western Europe remained stable. The dollar-gap problem that has plagued most of the world since World War II is a thing of the past; in fact,

quite a few countries were able to report a favorable balance of trade with the U.S.

• **Second Thoughts**—On top of last year's optimism, these positive factors should have made convertibility a sure thing. But this is where the new realistic view stimulated some second thoughts.

As one caustic observer put it, "Convertibility isn't a pious hope any longer; the closer we come to it, the more it scares us."

Another delegate agreed that sentiment has shifted. "We used to think of convertibility as an illusion," he said, "but now we know it's a realistic problem that will take a lot of time and effort to solve."

Perhaps the most widely circulated comment among the delegates was the quip that "convertibility is to Britain what tariffs are to the U.S.—a purely local issue." The very fact that the delegates could trade quips about convertibility was evidence of the progress in understanding that has been made in international economics during the past two years. The free world's financial leaders realize they have not yet reached the end of the rocky road that money has traveled since the days of the pre-World War I gold standard.

## II. Gold Standard

The first world war dislocated international trade and finance. It severely weakened Germany, France and Britain, while it strengthened the U.S. Treasury and banking officials on both sides of the Atlantic believed that the conditions brought on by the war were only temporary. They put their faith in the prewar mechanism of the gold standard in the belief that it would speed the return to normal conditions.

However, it turned out that the war had merely accelerated the trend toward an international unbalance. Nations soon discovered that the gold standard was workable only when international trade was relatively stable. If conditions were unstable, countries with an unfavorable balance of trade would have to resort to deflation—and unemployment—at home. That was the case after 1925, when the gold standard was reinstated. Starting with Britain in 1931, country after country abandoned the gold standard in the Great Depression.

They have shrunk from a return to gold because it would handicap the kind of fiscal and monetary policies that can help maintain internal stability. The end of the gold standard gave countries freedom to manipulate their domestic currencies without regard to world conditions, so there was no longer an international currency to facilitate trade and investment.

World War II brought this process to its logical conclusion, with the dollar emerging as the only international currency. Through the device of lend-lease, the allied nations were able to pay for their supplies without using their domestic currencies in exchange.

In the postwar period, U.S. loans and grants helped finance international trade. This permitted the Western nations to follow an inflationary course in their domestic economies. Even so, they had to devalue their currencies in order to sell goods. And their trade continued to be hamstrung by systems of exchange controls and other restrictions. Most nations were willing to pay that price. Their first priority has been domestic stability at a high level of employment. The idea of an international balance just hasn't had the same appeal.

## III. Convertibility Next

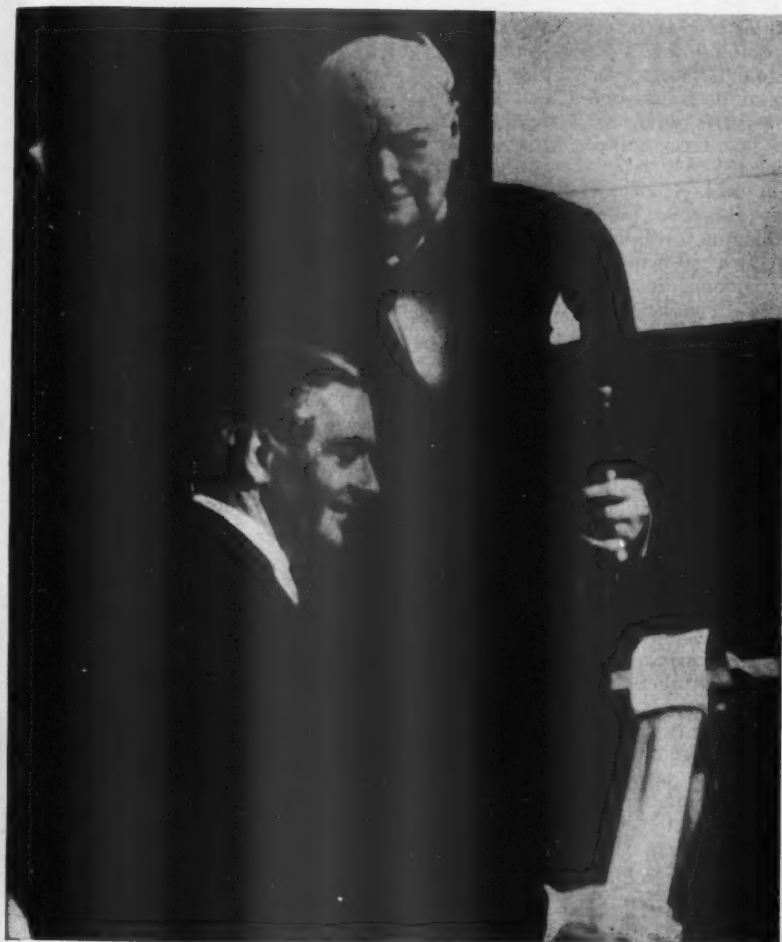
The need to expand exports, as well as the desire to attract investments, has slowly brought changes abroad. Inflation has generally been halted by fiscal and monetary policies. This has brought the prices of domestic goods down in many countries so that they can compete in world markets. It has also meant a rise in interest rates, which has spurred both domestic and foreign investment.

Full convertibility of currencies seems the next step forward. At present, slightly less than half of the free world's trade is transacted with convertible currencies, such as the U.S. and Canadian dollars and the Swiss franc.

If sterling were to be added, it would boost the amount carried on in fully convertible currencies to over 75%, and there is no doubt that other currencies, such as the French franc and the German mark, would promptly join the list.

• **But Not Soon**—Britain's R. A. Butler, who was his country's chief representative at the meetings, made plain that convertibility was not just around the corner (BW—Sep. 4 '54, p.120). He does not see it as an end in itself but as a means to increased trade. He argued that creditor countries—the U.S., for example—should liberalize their trade policies before convertibility can become effective. And he made clear that currency stability on the international front could never be placed before stability—and high employment—at home.

An exchange between Butler and IMF's chairman, M. W. Holtrop, illustrated the two different approaches to convertibility. Holtrop twitted those countries, like Britain, which stand on the brink of convertibility. He urged them to screw up their courage and, like a swimmer, jump in. Butler retorted that he found it more prudent to test the water first.



ANTHONY EDEN, backed by Churchill's massive prestige, is now making it clear to diplomats everywhere that Britain is . . .

## Again a World Power

There's a new force at work in world affairs today. It's the force of British diplomacy.

It is backed up by a sudden and almost amazing comeback in Britain's international influence. This comeback is making London a world center again. It is breaking the post-war pattern of power—a world dominated by Washington and Moscow.

London will not be the center of a third force, more or less neutral between East and West. Britain's weight, greatly magnified by the support London gets from the Commonwealth and Western Europe, remains definitely on our side.

London's comeback means that:

- Washington is now sharing the leadership of the West with London.

- The British intend to be one of the two senior partners in the Western alliance.

- London will throw its weight, whether Washington likes it or not,

against a hardening of East-West lines such as existed while Stalin was alive.

You could see the signs of Britain's reviving influence at Geneva.

Foreign Secy. Anthony Eden took the lead for the West there in settling the Indo-Chinese problem.

This week, London is playing host to the most important meeting that the Western powers have held since the cold war started. The meeting will shape the future of Western Europe and its relations with the U.S. And Eden's hand, strengthened by the massive experience and prestige of Sir Winston Churchill, will again be at the helm.

### I. Poor Relation?

This revival of British power is something Americans haven't been reckoning on. When the dust settled after World War II, Britain was on the rocks financially. Its empire was disintegrat-

ing. It had no strong ally in Western Europe to counter-balance the vastly increased strength of Russia. The decline of Britain, long predicted by historians and journalists, seemed to be at hand—accelerated by Labor's economic policy.

To most Americans, Britain looked like a poor relation, or at best a junior partner. Even the recent British economic comeback under the Conservatives hasn't changed this view much. It has looked to many Americans as if the British were going soft politically, could no longer be relied on as allies. What else could Churchill's talk of "peaceful coexistence" mean or Eden's appeasing tactics at Geneva?

- **Another View**—In London, though, this isn't the way things have looked. To Churchill and Eden, Stalin's death and the arrival of the H-bomb provided an opportunity for a new initiative to break the East-West deadlock. It was perhaps the last chance the world would have.

As Churchill and Eden saw it, Washington didn't know how to handle this opportunity. That left Britain. And Britain, the two statesmen felt, was ready. It was time for London to enter the picture—with traditional British diplomatic tactics of avoiding too-hard alignments and leaving open all channels for negotiation.

- **Backers**—If London had stood alone with this view of the situation, its weight wouldn't count for much today. But this policy has had widespread support in the Western world, both from the Commonwealth countries such as Canada, Australia, New Zealand, and South Africa; and from Western Europe.

The Commonwealth, of course, is Britain's basic source of strength. Canada in the Western hemisphere and Australia and New Zealand in the South Pacific still look to London for policy guidance—even though they rely mainly on the U.S. for security. There's a common political outlook, as well as economic bonds, tying not only the white Commonwealth nations but also countries such as India and Pakistan to Britain.

Since the end of World War II, Britain has been liquidating the old exploitive colonial empire and turning the Commonwealth into a multi-racial group of self-governing nations. This has paid off both politically and economically. London's position at the center of this enormous and far-flung group has given it the chance to come back as an international financial center and world market, rivaled today only by New York (BW—Sep. 25 '54, p170).

- **Sheet Anchor**—In Western Europe, Britain's strength has both political and military foundations. More and more, Europeans are looking to London to



express their views on how to deal with the Communist bloc.

Then, too, Britain is still the strongest military power in Western Europe. As such, it is able to hold the balance between France and West Germany.

On top of that, Britain provides the sheet anchor for the U.S. strategic position in Western Europe.

## II. Taking the Lead

Throughout the postwar period, Britain would have been lost without American economic aid and strategic protection. And the British still shelter, as Churchill constantly reminds them, behind U.S. atomic and air strength. What's more, British diplomatic influence today depends pretty largely on London's ability to exploit U.S. strength and even U.S. mistakes. Sometimes we seem to provide the thunder for British moves.

But more and more, the British are providing the moves.

That was the case at Geneva. When Eden made his agreement with Molotov on Indo-China, the U.S. was standing behind him, threatening to use force. This threat gave body to Eden's words. Something the same has been true since the European Defense Community was scuttled by France. Eden's influence over Mendes-France has been greater because of the way Secy. of State Dulles has treated the French Premier.

• **Ruffled Feelings**—With the British playing this kind of game and Washington turning over part of its leadership to London almost by default, feelings between the two capitals are bound to be ruffled at times. They were at Geneva and again in the maneuvering the British engaged in before this week's London meeting.

The State Dept. doesn't take too kindly to the new Foreign Office practice of merely informing Washington of important British policy moves. Until recently, London always asked for Washington's opinion on such matters. Nor was Dulles too happy when he pressed Eden several weeks ago for an immediate decision on German sovereignty and rearmament, only to find the British Foreign Secretary determined to take three months for the job if that proved necessary to get French agreement.

## III. The Differences

On top of things like this, there are basic policy differences that can cause plenty of friction between Washington and London. The most important of these is over China policy. At the moment the British are willing to play along with the U.S. on delaying the question of United Nations membership for Red China. But it will only be

a matter of time before there is open divergence on this. London figures that Western Democracy can outlive Communism in Russia and China if the West avoids acting as if there could never be a break between Moscow and Peking.

• **The Risk**—There are differences in Europe also. Even though EDC is dead, Washington is still talking as if it could engineer a tight-knit military, political, and economic federation in Western Europe. The British have never believed that such a thing is possible, and they are even more convinced of it today. In fact, if the London conference is successful, Western Europe

will be organized along the lines that the British have always preferred.

In pushing its new strength, London runs a risk of open clashes with the U.S.—clashes that might encourage isolationist tendencies in this country. The concessions the Conservatives have to make to Labor views on foreign policy tend to exaggerate U.S.-British differences. But the British have lived precariously off the coast of Europe for centuries. They feel that they have learned to play the game of diplomacy pretty well during this time—well enough to keep their alliance with the U.S. intact and to survive as a key world power in an H-bomb age.

# Rubber Still on the Block

Bids for the government's synthetics capacity face a lot of dickering before final disposal plan goes to a possibly unfriendly Congress.

Negotiations over disposal of the government's synthetic rubber plants got down to business in Washington this week. After two rounds of talks about bid technicalities and arrangements for raw materials and sale of products, the horsetraders are starting to talk price.

Up to now, the government has been collecting offers from the rubber companies. The price total—counting the highest offer for each plant—is reportedly less than the \$400-million unrecovered cost to the government, though more than the plants' \$160-million book value. The jockeying now is to coax the bidders higher.

• **Last Word**—In setting up the rubber disposal program, Congress specified that the government must get fair value for the synthetics capacity. If Congress feels that the bids fall short, it will have a chance to veto the sale, much as the government wants to get out of the rubber business.

The sales commission will try to wring every penny it can from the bidders between now and the Dec. 27 negotiation deadline. The higher the total price, the better chance the disposal package will have in Congress. As it stands now, Congressional clearance is far from a sure thing. If the Democrats should gain control of either house, it would have even rougher going—some Democrats have already attacked the program bitterly as a Republican giveaway.

• **How Eager**—It comes down pretty much to a question of how badly the big rubber companies want the plants. So far, 35 rubber, chemical, and petroleum companies are in the bidding, but their interest varies in degree.

It's a big poker game in which the companies know what they're willing

to pay for each plant but aren't going that high yet. The best bids seem to be for the plants that produce butyl rubber and the GR-S copolymer rubber raw materials, butadiene and styrene. Bids for the GR-S copolymer plants themselves are the lowest. This capacity is tied to the auto tire business, while the butyl, butadiene, and styrene capacity ranges into plastics and synthetic fibers.

One complication is the rule that breaks up an efficient monopoly into smaller chunks. The three plants at Port Neches, Tex., for example, include one for butadiene and two for GR-S rubber. Prospective buyers must bid separately, must guarantee their own separate arrangements for raw materials, water, steam.

• **Whip**—The government holds one weapon over the rubber companies. If it could be shown clearly that disposal failed because the companies balked at offering fair prices, the government could boost the prices it charges for synthetic rubber.

Moreover, the commission can play one company against another. Disposal can be completed even if only 58% of the GR-S capacity is sold—that's some 500,000 long tons annual capacity. Assuming that the whitest elephants, such as the 122,000-long-ton plant at Institute, W. Va., go begging, there's still latitude for the commission to play a cozy game.

For example, the commission could hint to one of the Big Four rubber companies that its competitors would have raw materials plants but the one that it wanted would be mothballed unless the company raised its bid. Such a threat could be carried out, too, without jeopardizing the whole deal.



# What if the Democrats Win?

- Business finds itself a major issue in the campaign.
- If the Republicans win, the "favorable business climate" of the past two years will continue.
- If the Democrats seize Congress, you have to gauge the conflicting effects of the blow to confidence, a possible inflation spur, frustrations of split government.

"If the Democrats take Congress next Nov. 2, you'll see \$20-billion washed out of the value of listed stocks within 30 days."

That statement, tossed out at lunch last week by a Wall Street broker, is an extreme view, but it reflects a fact that has emerged unmistakably in the opening stages of the 1954 campaign: The kind of climate the federal government will provide business over the next two years is shaping up as a major campaign issue behind the cloud of local issues in the various Congressional districts. Pres. Eisenhower's decision to gamble his personal prestige and reputation in an effort to get a Republican Congress, will make it stand out even more plainly in coming weeks.

• **Mixed Feelings**—Not all businessmen go along with the broker's bearish prediction. Many of them—perhaps a majority—foresee no worse consequences of a Democratic victory than a mild blow to confidence, something like the brief setback that followed Pres. Truman's election in 1948.

But practically all businessmen sense that business has become more closely identified with one party—the Republicans—than it has been at any time in the recent past. Recognition of this fact makes them uneasy.

The identification of the Republican party as "pro-business" was unavoidable; to a large extent it occurred without the explicit consent of businessmen. Three things in particular contributed to it:

• Eisenhower's policy of filling the top jobs throughout government with men with a business background.

• The Administration's reliance on measures designed to stimulate investment as the best means of ensuring prosperity.

• The tightening bonds between the Democratic party and the two big labor groups, the CIO and the AFL (page 158).

The development of the 1954 campaign has completed the process. Democratic oratory across the land is aimed against "favoritism to big business," "giveaways," and "too little and too late" moves against unemployment.

• **What If?**—All this leaves businessmen generally with the feeling that they have a heavy stake in the November election.

They know pretty well what to expect if the Republicans win—and they like the looks of it. Republican control of the House of Representatives and the Senate would assure continuation of today's climate—a climate that businessmen have enjoyed and that has prompted them to make their plans with fair-weather-ahead optimism.

A Republican victory probably would bring no immediate new tax relief to business. The Administration may have gone about as far as it can with this year's big revision bill—though the Treasury experts are talking about some easing of the capital gains tax as the next step. Certainly with a Republican Congress, Eisenhower could press ahead with his general program of stimulating investment, cutting federal expenditures, pulling Washington out of the private business arena. This general line—often called the George Humphrey line because its chief backer is the Secretary of the Treasury—is thoroughly agreeable to most businessmen. It has helped keep up their confidence through the mild recession of the past year.

But what if the Republicans lose?

• **Nobody Knows**—A Democratic Congress, elected in 1954, would mean two years of split government. The Republicans would control the presidency and all the powerful executive agencies—the Treasury, the Justice Dept., Interior, Agriculture. The Democrats would control the purse strings and the massive investigative machinery of Congress. Just what would happen, nobody knows.

On principle, the Democrats would want to block, and if possible, reverse, the Administration on a long list of key issues. The Democrats, like the Republicans, are still a middle-of-the-road party, with a powerful right wing and a powerful left wing. But in defeat, the conservative and the liberal wings of the Democratic party have moved closer together, shifting the party balance somewhat leftward—toward labor and away from business. To be sure, New

Deal Sen. Hubert Humphrey of Minnesota has had to tone down in order to get the blessing of Georgia's conservative Sen. Walter George. But George has emerged as a battler for tax relief for individuals and a critic of some of Eisenhower's tax policies.

Brute political necessity has forced some of this shift in the party's center of gravity. Labor is becoming more and more a major source of Democratic campaign funds. The Republicans not only are getting more campaign money than the Democrats this year; they are shutting the Democrats out entirely in many cases. Recent records from the Clerk of the House of Representatives indicate that wealthy sources of Democratic funds are drying up.

With this background in mind, you can get some idea of what the Democrats might do if they captured Congress and of what it would mean to business.

**Taxes.** Some sort of relief for individuals would almost certainly be high on the legislative schedule of a Democratic Congress. The party is already on record in favor of it, and passage of such a bill would put Eisenhower in the sort of trap that a politician loves to set: he would have to choose—give up any hopes of a balanced budget, or use his veto power to snatch money practically out of the voters' pockets. Certainly, there would be no more tax concessions to business.

**Federal spending.** The downhold of the past two years would end abruptly. Democratic Congresses traditionally are big spenders, and appropriations would start flying thick and fast after January, 1955. Eisenhower could slow down the process by refusing to spend all the money granted his departments, but that is a hard game to play, and there would be places where he would be left no discretion. The military budget, in particular, probably would be upped, and Congress would see to it that the money was spent.

**Antitrust** prosecution of cases is the province of the Justice Dept. But Congress could use its investigative powers to harass business and make political capital for 1956. The prospect worries a lot of businessmen acutely. Though Atty. Gen. Herbert Brownell has shown no signs of following a soft policy on antitrust, the wage of mergers and expansions of recent years might give an investigating committee plenty to investigate.

**Tariffs.** A Democratic Congress might give Eisenhower full support on this point. But it would be hard to work out an acceptable program on such a sore subject with one party running the White House and the other running

Congress. The probable result would be stalemate.

**Government in business.** This might well be the subject that produced the most fireworks of all. Vigorous attempts to "stop the giveaways" would almost certainly start the day the new Congress convened. This is a specific issue in many races. Defeat of men like Sen. John Sherman Cooper, an Eisenhower man, in Kentucky would herald Congressional repeal of the Dixon-Yates proposal for private supply of power to the Tennessee Valley Authority or any similar proposals. Eisenhower's ideas of "local participation" in electric and water development would get no backing.

**Agriculture.** Almost surely, the Democrats would interpret a victory at the polls in November as a mandate to scrap Eisenhower's flexible farm price supports and reinstall rigid supports at 90% of parity.

**Defense contracts.** This is another subject that could be loaded with high explosive. You got a look under the hat of a typical Democrat this week when Sen. Henry Jackson charged that General Motors is being favored in defense contracts at the expense of the hard-put independents. That line of thinking could expand into a broad program to force more contracting with small business. As a by-product it could produce an investigation of "abuses" of contracting authority under the Eisenhower regime—something to offset the corruption scandals that hurt the Democrats so badly in 1952.

• **And So—**Looking over this list of major issues where the parties differ, a businessman gets a mixed impression. It's anybody's guess whether the free-spending habits of the Democrats would give business enough of a stimulus to offset the general anti-business complexion that the party has assumed. And if you want to complicate the picture further, you can speculate on whether those same free-spending habits would raise such a threat of inflation that they would be not a stimulus but a drag on the economy.

On the face of it, the worst consequences of the change in climate that businessmen fear would be emotional rather than material. The blow to confidence probably would be more important than any actual measure that the Democrats could take.

But the frustrations and stalemate of a split government might in the end prove the most damaging thing of all. Under the U.S. system, it is almost always a bad sign when the party that has the presidency loses the Congress; there have been times when it was disastrous. For the businessman, who somewhat unwillingly finds himself an issue in the campaign, the prospect is something to worry about.

## High Court: A Full Calendar

When the Supreme Court begins its new term next week, it will face a formidable array of questions on such matters as "fair trade," labor, and natural gas regulation.

Next week, the U.S. Supreme Court begins a new term. Its membership will be unchanged from last year—although there are hints that Justices Felix Frankfurter and Stanley Reed, and perhaps Robert Jackson, are on the point of retiring. Perhaps the most notable change in the court will be in its degree of unanimity. Chief Justice Earl Warren is thought to be welding the eight other men into a less argumentative whole, less likely to deliver the confusing, multi-opinion split decisions that have plagued them in the past.

The nine men will probably need all the unanimity they can get during the coming term. They must make decisions on a formidable list of ticklish questions—many of them posed by the world of business.

**Racial segregation in public schools:** This year, the court must work out the important details of what it expects the states to do about its no-segregation decision. It has scheduled Dec. 6 to begin hearing arguments and suggestions from various states affected by the ruling.

**"Fair trade":** Two New York retailers that thrive on low prices are ready to argue against federal and state legislation permitting manufacturers to fix prices. The two are Grayson-Robinson Stores, bargain-price department store chain that includes S. Klein; and Sam Goody, cut-rate phonograph record dealer.

**Antitrust:** The Justice Dept. is appealing several cases thrown out of court by previous decisions. One involves the position of E. I. du Pont de Nemours & Co. in the cellophane market. The government is trying to show that du Pont, with about 75% of the market, has a monopoly. A previous decision squashed the government's case, on the basis that cellophane is only one of many similar competing materials.

A Dallas auto dealer is the central figure of another case involving antitrust laws. The dealer filed a triple-damage antitrust suit against Hudson Sales Corp., on the grounds that Hudson canceled his dealer contract because he refused to stop handling competing lines. A lower federal court turned thumbs down on his case.

The Supreme Court must also decide this term whether the legitimate theater and professional boxing, like baseball, are outside the purview of federal antitrust laws.

**Natural gas:** Last year, the court de-

cided that the Federal Power Commission had the power to regulate independent producers' gas sales to pipeline companies operating across state lines. The result has been a legal tangle of terrifying proportions. Some companies, for instance, now find themselves stretched on a rack between federal and state laws.

**Labor:** There are plenty of cases in this area awaiting action by the court, but none now on the list involve really major issues. There is one big issue, however, working its way up through lower courts in about 15 states. It could reach the top court this term if it hurries. It is the issue of whether state right-to-work laws effectively bar the union shop.

This issue is being fought fiercely, notably in Nebraska and Texas. A Nebraska lower court has already ruled that the union shop amendment to the Railway Labor Act of 1951 conflicts with state right-to-work laws and denies rights and liberties guaranteed by the Constitution.

Other labor cases involve further refinements of the line between federal and state legislation. Last year, the Supreme Court set up a sort of framework on which it will probably build some more: If somebody has a complaint in the field of labor, and both federal and state laws cover his situation, he should feed his complaint into the federal machinery. But if the federal laws cover his situation, but are not involved by federal authorities he should use the state machinery.

**In other fields,** the Supreme Court will have to tackle cases involving such matters as these:

- Can a state make an employer criminally liable for deducting wages of employees who take time off to vote?

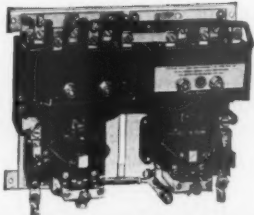
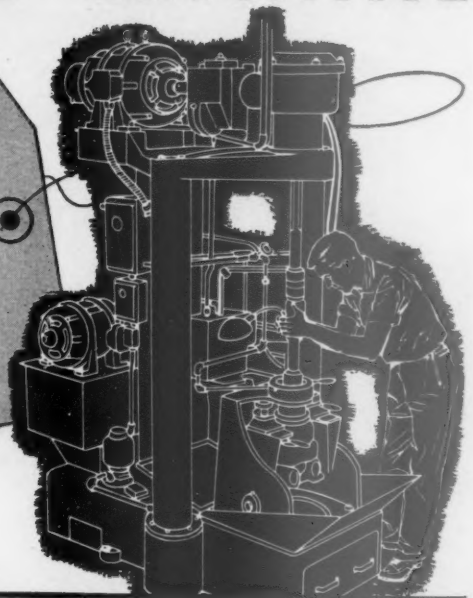
- If a state sets maximum fares for airline service between certain points within its boundaries, and the Civil Aeronautics Board allows higher fares in the case of an interstate airline, can the state penalize the airline for following CAB's rule?

- Under the Constitution, can a public body rightfully seize property in city slums and sell it to private interests for redevelopment?

- If an interstate trucker is licensed by the Interstate Commerce Commission, is he immune to state penalties for violation of weight and load limits?

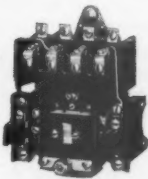
# FULMER HONING MACHINE

**FACTORY  
EQUIPPED**  
with **ALLEN-BRADLEY**  
Solenoid Control

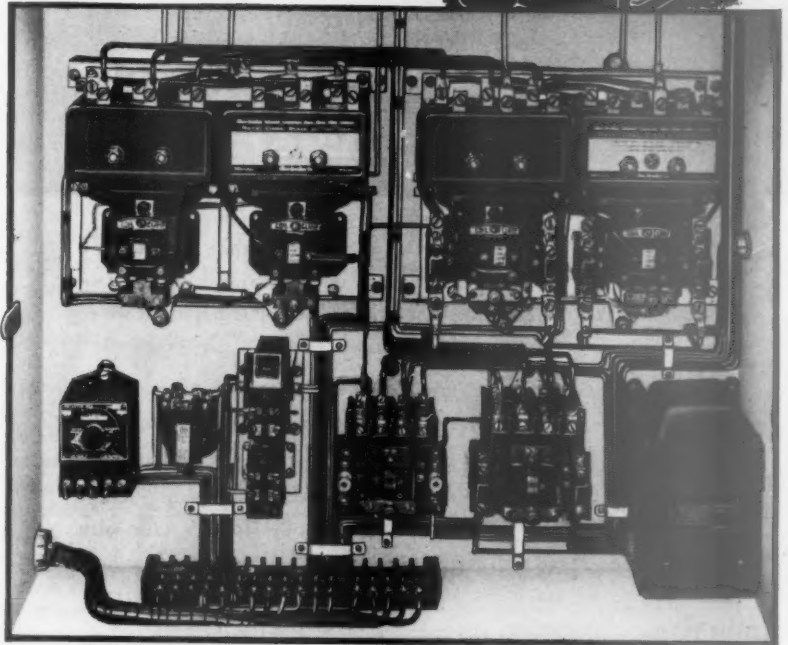


Bulletin 705 Solenoid Reversing Starter, Size 2. Contactors are mechanically and electrically interlocked to prevent closing at same time.

Bulletin 709 Solenoid Starter, Size 1. The rapid, consistent action makes them particularly suitable for use with high-speed automatic machine tools.



Bulletin 849 Pneumatic Timer. Adjustable range from  $\frac{1}{6}$  to 180 seconds. Types available for every requirement. Auxiliary contacts easily added.



Panel showing Allen-Bradley controls which operate the Fulmer Honing Machine.

When investing in modern, high production machine tools, the buyer's first consideration is that a "use" exists for the machine in question and, secondly, that the machine can be kept in constant operation. That's where Allen-Bradley controls come into the picture—they can always be depended upon.

The remarkable simplicity of Allen-Bradley Solenoid Starters . . . only one moving part . . . is your assurance of millions of trouble free operations. Unsurpassed performance and maintenance free, double break, silver alloy contacts are an unbeatable combination. Furthermore, the dependable overload relays which provide unfailing motor protection are insurance against costly machine shutdowns.

It will pay you to specify "Allen-Bradley control" when ordering motors or motor driven machinery. There is none better!

Allen-Bradley Co.

1332 S. Second St., Milwaukee 4, Wis.

In Canada—Allen-Bradley Canada Limited, Galt, Ont.

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SOLENOID MOTOR CONTROL  
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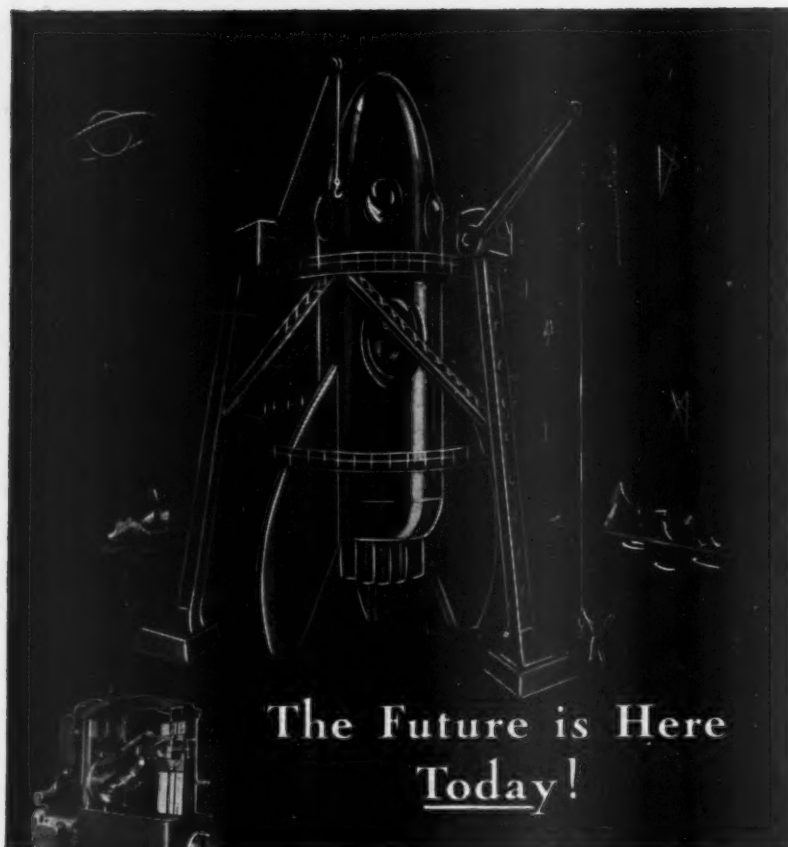
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2, 1954





The Future is Here  
Today!



MODEL R  
LEES-BRADNER  
HEAVY-WEIGHT HOBBER

*It's uncanny how quickly time passes. We like to think that we plan ahead. But often, before we know it, tomorrow is here and we're really in the future!*

The purchase of machine tools requires special planning because machines purchased today actually work on products of the future. So the key to buying machine tools is to look ahead!

When you're ready to replace those old money-losing, scrap-producing hobbers and threading machines, have a talk with your Lees-Bradner representative. He can tell you how Lees-Bradner machines are built for the needs of tomorrow.

Or, write directly to the company. No obligation, of course.



IF YOU THREAD OR HOB... GET A BETTER JOB WITH A LEES-BRADNER

## BUSINESS BRIEFS



**Back at the throttle:** William White (above), for whom the bell tolled as president of the New York Central when Robert R. Young won control (BW—Jun.19'54,p32), has a new railroad job. This week he was elected president of the Delaware & Hudson Railroad Corp., primarily an anthracite carrier.

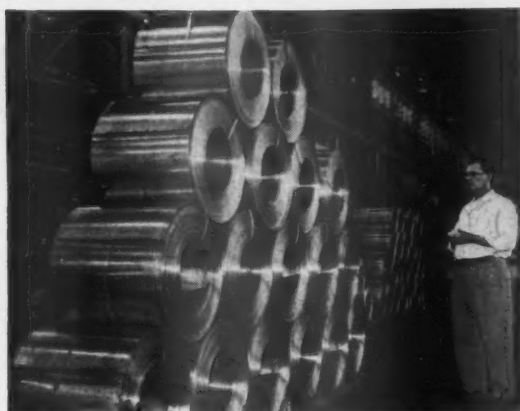
Boston's trade center, modeled on the one in New Orleans, hopes to be in business by the first of next year. The center, with some 50 companies already pledged as members, will start in as a supplier of information and services for foreign traders and U.S. businessmen. One goal: to get New England shippers to use the port of Boston, rather than New York.

Sales discounts on industrial trucks offered by Yale & Towne Mfg. Co. are illegal, the Federal Trade Commission charges. FTC says the discounts for big purchases, ranging up to 5%, tend dangerously toward monopoly.

Alleghany Corp. should be under the Securities & Exchange Commission rather than the Interstate Commerce Commission for federal control purposes, the SEC maintains. The Robert R. Young holding company prefers to stay under ICC, and argues that it is in fact a carrier.

The building boom will smash all construction records for 1954, and continue well into next year, according to the Associated General Contractors of America. AGCA, which says its 6,500 members do four-fifths of all U.S. construction, expects highway work to lead the parade.





This illustration shows another step in the care that goes into Western Brass. After the metal has been cast, rolled and coiled to fit the specific needs of an individual user, it receives still another inspection. After passing that final inspection, Western Brass is carefully packaged and shipped. When Western Brass arrives, it's ready to go!

Manufacturers find their

## New Look in Western Brass

All over America, leading manufacturers are turning to easy-to-work brass as the answer to their fabricating problems. They have found that brass cuts tool wear, reduces die adjustment to a minimum and gives a far better looking final product. The uniformity of Western Brass, from one piece to the next, is unsurpassed and allows a smooth, continuous flow of top quality metal into a manufacturing process.

To aid manufacturers in their search for better brass, Western Brass Mills maintain a staff of experts whose sole duty is to survey fabricating problems and advise on just the proper metal for a specific job. Skilled in the use of non-ferrous alloys, these experts are able to draw on their tremendous fund of knowledge built up from years of solving manufacturing problems and can recommend to a potential user just the metal he needs.

The metal that they specify is tailor-made in the giant Western Brass Mills for just that individual specification. That way, far more parts can be fabricated from Western Brass and scrap is held to a minimum. So, when ordering brass, you'll find it profitable to remember... pound for pound, you get more from Western Brass.



### **WESTERN BRASS**

METALS DIVISION

OLIN MATHIESON CHEMICAL CORPORATION

Executive Offices • East Alton, Ill.

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, 1954



## "YOU MADE IT FOR ME, DADDY?"

Yes, he made it for Jimmy without any help . . . though one of his arms is artificial and the other seriously crippled.

He made the toy at the Liberty Mutual Rehabilitation Center. The doctors sent him there after months in the hospital, following an accident at work that mangled both of his arms. He didn't go to the Center to learn toy making; that was just the last part of a long course of training in the use of his arms. Now he has done a lot more: he has gone back to work and is earning a regular living again . . . supporting Jimmy and Mom and himself like any able-bodied man.

When a badly injured worker is rehabilitated, the greatest benefit is to the man himself, who is helped to return to normal living, and to his

family, who are assured of his support. But there are other gains. His employer benefits from the services of an experienced man, and from a reduction in insurance costs when disability is reduced. And the whole nation gains when a productive worker is returned to employment.

Rehabilitation is just one phase of

Liberty Mutual's Humanics program; which also includes Industrial Engineering and Hygiene to make working conditions safer, Industrial Preventive Medicine to help men and women work more effectively, and outstanding Claims Medical Service. Humanics brings together all activities for preventing accidents, and for reducing disability and loss when accidents occur.

Would you like to know how Humanics has helped other employers reduce the cost of Workmen's Compensation Insurance and increase production? Write for the booklet, "Humanics." Just look in your Telephone Directory for the nearest Liberty Mutual Office, or write to 175 Berkeley St., Boston 17, Mass.



*We work to keep you safe*

★ Better Compensation Insurance Protection at Lower Cost through HUMANICS ★

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# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
OCT. 2, 1954



There's real importance to Pres. Eisenhower's highway program—the \$50-billion, 10-year project he outlined a few weeks ago (BW—Aug. 21 '54, p26). A lot of people took this as a mere election-year bait, tossed out in the fight for House and Senate control. But the President was serious about it. Interviews with officials involved indicate plans will go to Congress in January, in an Eisenhower message.

—•—

Some points to keep in mind, for perspective:

Current highway spending, for new construction, is about \$4-billion, with Washington supplying about \$600-million of the total, with local governments and bond buyers putting up the rest.

Eisenhower's program would come on top of that—would boost the total to \$9-billion, more than double the current level.

Now, fit this into the construction total—the amount spent yearly on all new construction. Current spending for new roads is 10% of the total. The proposed program would boost the road share to over 20%.

—•—

Debt-ceiling politics are involved. This may turn out to be one of the most difficult aspects of Eisenhower's highway plans.

The hope is to avoid a big charge against the debt—which is limited to \$281-billion until June 30, then limited to \$275-billion.

The idea is to encourage highway spending outside the debt ceiling. Eisenhower's \$50-billion, 10-year program works out to \$5-billion yearly.

Only a small part would be charged to federal spending in any year. Federal aid to highways, now about \$600-million yearly, is slated to rise to \$875 in fiscal 1956. Eisenhower's program would take it beyond that level, but would still be short of the \$5-billion talked about. Here's how:

A highway corporation would be set up. The title hasn't been picked. But here's what it would have authority to do: It could sell securities to the public, thus raise money. The money could be loaned to states and political subdivisions for road building. It could also guarantee securities sold by local agencies, both government units and toll road authorities. This way, only part of the extra money for highways would show up as an annual charge in the federal budget.

—•—

Washington is still badly worried about Europe—about failure of the nations on the Continent to get together on a defense plan including Germany, about the possibility of another failure in London.

But even so we won't withdraw troops. Such a move gets talked about in the speculation over how we can put pressure on France to accept German rearmament. But no such move is in the cards.

Germany will be rearmed, one way or another. Top diplomats say this is sure to come in time. France will go along with it, finally. But, these diplomats point out, "France must feel she has set the terms. Otherwise, the government will fall."

—•—

Indo-China is heating up again. Washington is fully aware of it, but doesn't know what to do. The dilemma: If French troops stay on, Red political conquest seems inevitable. And if French troops go home, a Red takeover is equally inevitable. This predicament was foreseen when the truce was worked out. But no one wanted to fight about it.

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
OCT. 2, 1954

Interested in the marketing of farm products? If you are, you will want the new Agriculture Dept. Year Book. You can get copies by writing to the Superintendent of Documents, Washington 25, D. C. Ask for the new agricultural year book, "Marketing." The price is \$1.75. But you may be able to get it free from your representative or senator. They get copies to give away. The address for your senator is Senate Office Bldg.; your representative, House Office Bldg.

—•—  
**Antitrust "loopholes"** under consideration by Atty. Gen. Brownell's special advisory committee are politically red hot.

**The labor union exemption** (page 162) is only one of the loopholes getting attention from the committee. But two of Eisenhower's cabinet officers have split over this. Labor Secy. James P. Mitchell wants the exemption left in the law. Commerce Secy. Sinclair Weeks wants it struck out.

**Other exemptions under examination** include retail price-fixing by manufacturers in states with so-called fair trade laws and action by farm co-ops.

—•—  
**The GOP bid for union labor support** will be directed at rank and file workers, without too much regard for the stand of labor leaders.

**It's a turn called by Eisenhower.** At the AFL national convention in Los Angeles, the President used friendly tones in his address. But his words were intended to put AFL leaders on the spot, tab them as Democratic politicians. Other campaigners will follow this up.

**Labor Secy. Mitchell will make a fight for union votes.** He'll be on a number of labor convention rostrums from now to election time and will aim his appeal at the rank and file.

—•—  
**Eisenhower gets a dim view on the campaign outlook** from GOP leaders dropping in on him at his Denver headquarters. As of now, the feeling in the Republican camp is that the Democrats will come out on top unless the tide can be turned before the November election.

**The President will hit more states and districts,** trying to rub off some of his own personal popularity on GOP candidates. But that's a tough job; other Presidents have tried it, without too much success.

—•—  
**Democratic confidence is highest in the House.** Leaders predict a gain of at least 20 seats. Many professional political observers feel this is not unreasonable—could happen with even a very small slip in the Eisenhower popularity.

**The Senate will be harder for the Democrats to win.** The death of Sen. McCarran, Nevada Democrat, will put one more seat in the GOP column. In a nip and tuck election, this gain will be important.

—•—  
**Even if the Democrats win just the House,** a divided government will be the result. In the past, such governments have never been very effective, one example is Herbert Hoover's last years as President, with the Democrats running the House. Truman had a division in 1947-48, but went on to lead his party back into control. Control of Congress wouldn't enable the Democrats to reverse Eisenhower policy quickly, but you would have a sort of stalemate until the 1956 Presidential race.







*Sheaffer's*  
WORLD FAMOUS PENS AND PENCILS



New Snorkel Pen  
ends dunk filling



***"National Accounting Machines save us \$54,000 a year...  
return 120% annually on our investment!"***

—W. A. SHEAFFER PEN CO., Fort Madison, Iowa

"We purchased our first National Accounting Machines 27 years ago. Their versatility and dependable service made it profitable for us to expand our use of Nationals as time went on and new models were developed.

"We now use National Accounting Machines for Accounts Receivable, Accounts Payable, Payroll, Labor Distribution, and General Ledger Posting, as well as a variety of accounting reports.

"We estimate that our Nationals (which

cost \$44,000) save us \$54,000 a year. Thus savings repay the entire cost every 10 months—an annual return of 120% on our investment.

"Ease of operation and dependability of National equipment provide additional savings in employee satisfaction, and minimum down-time."

*W. A. Erdtsieck*  
Vice President & Treasurer

*In your business, too, National machines will pay for themselves with the money they save, then continue savings as annual profit. Your nearby National man will gladly show how much you can save—and why your operators will be happier.*

**THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO**  
249 OFFICES IN 94 COUNTRIES

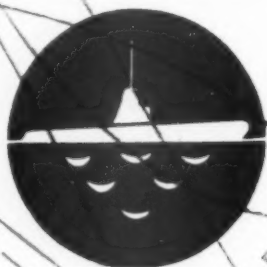
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ACCOUNTING MACHINES  
ADDING MACHINES • CALC. MACHINES



# EB

ELECTRIC BOAT



## dynamics for defense

On May 17, 1897, the New York Times reported the launching of the "Holland"—"the little cigar-shaped vessel... which may or may not play an important part in the building of the navies of the world..."

Since then, Electric Boat has built 226 submarines for the United States Navy and more than 100 for friendly foreign nations.

Today, EB leads in the application of nuclear energy to propulsion with the world's first atomic-powered vessels, the U.S. Navy submarines "Nautilus" and "Sea Wolf".

For 74 years, divisions of Dynamics have pioneered in hydrodynamics, electrodynamics, aerodynamics and nuclear dynamics. In 1954, under the group concept of "Dynamics for Defense", they continue to make new and notable contributions to the military security and industrial progress of the nation.

## GENERAL DYNAMICS

DIVISIONS



# RESEARCH

## New Reactor for Industry Use

The first atomic pile designed specifically for general research by industry will be built by Armour Research Foundation at Chicago. It should be operating in a year.

The atomic pile is indisputably a tool unmatched for research—but the trick is for researchers to get access to one. With a single exception—a small unit for educational use at North Carolina State College (BW—Oct. 10 '53, p108)—all the nuclear reactors in existence today are tied up in work of the Atomic Energy Commission.

General research in nuclear matters got a boost this week, though, when AEC approved a reactor for the Armour Research Foundation of Illinois Institute of Technology. This reactor is intended primarily for industrial research, with educational values only secondary. It is designed for 50,000 watts, five times the wattage of the North Carolina State College atomic pile.

• **On the Ground Floor**—Armour has sounded out quite a few companies and has found them enthusiastic about the program. The next step for Armour is persuading the companies to translate this enthusiasm into money. The laboratory hopes to line up about 20 of them as "participants" at \$20,000 apiece. This would take care of most of the construction cost, which is estimated at more than \$500,000. Armour will foot the bill for whatever remains after the participants have contributed.

In return, Armour will give the participating companies a priority on available research time for the next three years. To the extent permitted by the Atomic Energy Act, any inventions they get out of their studies will be their property, for any commercial use they care to make of it.

• **Uses of Reactor**—So far, AEC has approved only the general idea of a reactor at Armour's site on the Illinois Institute of Technology, on the Chicago South Side. Details of design and schedule of operation will have to be submitted later to AEC for final approval.

As it stands, however, the plan fixes general research as the objective of the reactor. The atomic pile won't be used to generate power or to study reactors themselves. Unlike the North Carolina reactor, it won't be used for educational studies.

Armour's reactor will be designed specifically as a highly flexible source

of neutrons and gamma rays. These will be used to irradiate the materials that are undergoing study.

• **Projects**—Dr. Richard F. Humphreys, manager of the physics research department and director of the project, cites these possible projects for using the new reactor:

• **Production of short-lived radioisotopes** that it's impractical to obtain from distant AEC laboratories. Armour could produce twice as many radioactive elements as Oak Ridge can now supply.

• **Neutron activation**, a new and powerful technique for the most sensitive chemical analysis that's known. It detects as little as one-millionth of a millionth of a gram of a substance, improving results of such projects as wear studies and nondestructive testing.

• **Neutron diffraction**, for use in structure analysis. This would make possible techniques that are far superior to those possible with X-rays.

• **Effects of radiation on plastics**, metal alloys, glass, and on biological and chemical systems.

• **Practical Results**—Humphreys sees this atomic pile most importantly as a tool for applied and developmental research, though it will also be useful in fundamental research. Out of the new reactor lab can come new industrial processes that use irradiation as a production tool.

For example, gamma rays are known to raise the yield point of polyethylene, the plastic that's used in squeezable bottles. By strengthening the plastic to resist the high temperatures required for sterilization, this irradiation can open a whole new field for polyethylene's use in sterile containers for medicinals and other aseptic preparations.

These potentialities account for the interest of the companies that Armour approached before proceeding with the project. These companies represent such fields as chemicals, food, drugs, metals, oil, electronics, plastics, and power.

• **Under No Wraps**—Humphreys emphasized that sponsored research will be free from any security classifications, any competition from military applications, or any secrecy except that which the individual sponsor-company wishes

## How long can we continue to pay John while he is disabled?



This problem faces most managements when an executive is disabled for a long time. Some companies continue the salary for several months, but disability frequently lasts for several years . . . even for life!

Provident answers this problem with its **EXCLUSIVE and GUARANTEED Long Term Salary Continuance** group insurance plan.

Designed specifically for the executive, the plan affords generous tax-free monthly payments for long periods. The conversion privilege guarantees protection to the individual to age 65.

The cost to the employer is also guaranteed and can be budgeted in advance. The plan is tailor made for executive groups of 15 or more.

This guaranteed group plan solves a major financial problem for employer and executive, provides a definite and known basis for planning—has favorable tax aspects. It avoids the pitfalls of personalities, assures professional handling based on 67 years specialized insurance experience.

CONSULT YOUR BROKER OR  
WRITE US FOR DETAILS

ASK FOR BROCHURE C-9

# PROVIDENT

## LIFE AND ACCIDENT

### INSURANCE COMPANY

CHATTANOOGA, TENNESSEE

One of the Oldest . . . One of the Largest



## crematorium for a thriving business

A carelessly tossed cigarette butt—the match that was “out”—a spark from a pipe—and a raging inferno soon incinerates accounts receivable, production formulas, trade secrets and engineering data . . . the very life of the business. Without these records to verify a “proof-of-loss” statement within 60 days, you can’t even collect fully on fire insurance.

It happens every day, and out of 100 firms that lose their records in fires, 43 *never* reopen.

Remember, the next fire may be your own. Why gamble, when you can have installed the most effective means of protection known . . . an automatic sprinkler system. No cash outlay is required and a Blaw-Knox Automatic Sprinkler System will pay for itself in a few years through reductions in insurance premiums.

The need may never arise for a Blaw-Knox Automatic Sprinkler System to spring into action, but should fire start, it's on the job—*instantly*.

*You'll be interested in the new Blaw-Knox booklet, "Fire Can Destroy Your Business." There's no charge. Write for it.*

### BLAW-KNOX COMPANY

AUTOMATIC SPRINKLER DEPARTMENT  
829 BEAVER AVENUE, N.S. • PITTSBURGH 33, PA.

*"Little Joey Sprinkler"*



*always on  
the job*

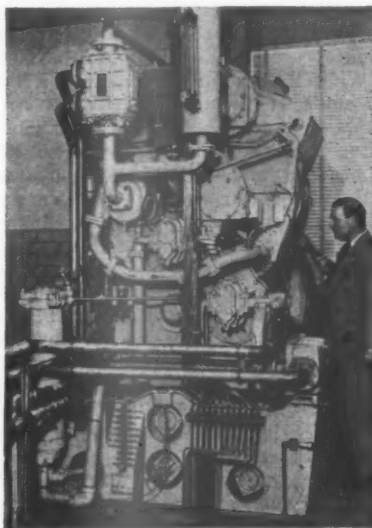
to impose for its own competitive protection.

As required by law, fuel for the reactor will be obtained from AEC on “extended loan.” AEC experts will have to inspect the whole project before approving this loan of fuel.

• **Specifications**—The reactor will be buried three floors below ground level in a special reactor building in the center of the Illinois Institute campus. The reactor room will consist of a gas-tight steel tank about 60 ft. in diameter and 25 ft. high, with laboratories nearby for handling and storing radioactive materials and for carrying on nuclear research.

The reactor itself will have a maximum number of ports for access and will have a large thermal column for use in irradiation and other projects. It will be surrounded by 2,500 sq. ft. of working area, to accommodate experimental setups.

Armour officials hope to have the reactor operating in about a year and ready for research use about six months after that.



### No-Go Locomotive

Standard Oil Development Co. at Linden, N. J., uses this two-cylinder diesel locomotive power plant to test fuels and lubricating oils without going outside its own laboratories. Electro-Motive Div. of General Motors Corp. built the “locomotive” to the same design as its rail-running types. The test engine shown in the picture is about the same height as a regular 16-cylinder diesel but it is only one-eighth as long. Using this test model, the oil research company can give diesel fuels and lubricants the equivalent of 100,000 mi. of heavy-duty rail service in only a few hundred hours of testing in the labs.



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1954



## NEW LOW PRICES Reduce **Corrulux**® Daylighting Costs!



### **Corrulux** Saves 4 Ways

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Where vandalism or industrial hazards make daylight costly in terms of broken windows, reduce maintenance expense with Corrulux. Daylight, filtered through Corrulux, is diffused . . . delicately tinted . . . gentle on the eyes. Corrulux is a special product uniformly reinforced with Fiber-Glass. It withstands severe impacts. It is easy to install in large panels. And in skylights, its great strength makes light work of snow loads.

Now it costs less than ever. Specify L.O.F. Corrulux and be sure.

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## THE PROBLEM:

Manufacturers have no figures on sales and inventories of hardgoods at the retail level. Because of this blindspot the distribution pipeline periodically gets clogged with excess output or obsolescent models. At the factory it means sharp peaks and valleys in production.

## THE SOLUTION:

Members of a national organization called CAMM—Collegiate Association for Market Measurement—will survey retailers in some 80 U.S. markets.

Architect of the scheme is John E. Wiley, a former advertising man.

He will issue (1) detailed quarterly reports to manufacturers, and (2) monthly and weekly national samples on sales and inventories for wider use.

### HOW THE INFORMATION IS GATHERED

Professors of marketing, economics, and business in the member universities will interview retailers in their local markets. They will gather sales and inventory data on groupings of 10 similar products at a time.

The data will funnel back to John E. Wiley, Inc., which will collate and distribute the material. There are plans to cover major appliances first, then home furnishings, industrial components, building materials.



### HOW IT IS USED



John E. Wiley, Inc., sends it to . . .

#### THE UNIVERSITIES

They pass it on to retailers in dealer clinics.

#### THE MANUFACTURERS

They get a detailed quarterly breakdown of the competitive situation in each test market.

#### INDUSTRY ASSOCIATIONS

They get over-all industry statistics monthly and pass them on to their members.

## Measuring Retail Sales of Hardgoods

Hardgoods manufacturers traditionally operate in a murky atmosphere. Few statistical guideposts at the retail level stand out to help them gear production to retail sales. The appliance maker, for example, knows how many Automatic Widgets his factory turns out and how many the distributors take, but he doesn't know how fast they are selling or how much inventory the retailers have.

This weekend, a group of manufacturers is gathering in Syracuse, N. Y., to study a detailed analysis of appliance retailing in the Syracuse area. This

Metropolitan Syracuse Appliance Dealer survey is the work of a team of Syracuse University professors of marketing.

The professors interviewed about 75% of all retailers in Syracuse who carry major laundry and kitchen appliances. They came back with detailed information (page 52).

• **First of Series**—This survey happens to deal with appliance marketing in Syracuse, N. Y., but it is planned as only part of a national sampling of about 100 products: major appliances, home furnishings, industrial components, and building materials.

The architect of this plan is a 58-year-old Virginia-born advertising man named John E. Wiley, who has been working on the project for the past four years. If it is successful, Wiley's program can ease the sharpness of the peaks and valleys of production that afflict the appliance industry because it has to fly blind (page 68).

### I. How It Works

Wiley's plan will function on three levels:

At the top is CAMM—Collegiate



#### HOW IT IS PAID FOR

Manufacturers, associations, publications, and foundations can underwrite the study of as many markets as they wish or can afford.



Wiley, acting as business agent for CAMM, then transmits . . .

ENDOWMENT funds and money for special research projects to the universities through CAMM.

FEES to the professors for their field work.

## Hardgoods

Associates for Market Measurement—in which 14 universities now hold membership and at least 50 have shown interest. Eventually, Wiley thinks, CAMM will cover some 80 market areas. Four markets have already been pioneered. Lansing, Mich., has had two exploratory surveys; Syracuse has had its first. Two more surveys are ready to go: Bridgeport, Conn., and Pittsburgh, Pa.

At the second, or field level, are professors of marketing and allied subjects in these universities. They will gather data on sales, inventories, discounting,



**with Vacuum Coating for a Smooth, Bright Finish — at a new, low cost!**

For metals or plastics, it's the fastest, easiest, and lowest cost metallic finish there is: *vacuum coating*. Just load a rack in an NRC Vacuum Coater . . . push the buttons . . . and in minutes a mist of metal deposits *gleaming bright* finish on every piece.

You can coat with aluminum, cop-

per, gold, silver, or almost any other metal. Material cost is negligible: a pound of aluminum covers 25,000 square feet.

Cost of NRC Vacuum Coaters is low. Write now for the NRC Vacuum Coater bulletin.

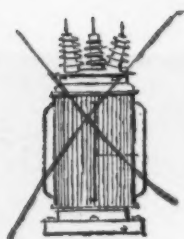


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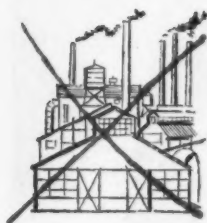
**NATIONAL RESEARCH CORPORATION**  
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NEW YORK, N.Y. • PHILADELPHIA



# \$1,779

transformer accident resulted in



# \$109,346

loss of earnings

(And it could happen to your plant!)

**A** small transformer in a furniture factory burned out.

Repairs cost \$1,779. But the shutdown while the transformer was being repaired cost \$109,346!

As this case from the files of The Travelers shows, Boiler and Machinery insurance covering *only* the actual damage is seldom enough. To take care of the BIG danger—business interruption—you need Travelers Use and Occupancy insurance as well.

This insurance reimburses you for the continuing expenses and the profits you *can't* make when an accident to a boiler, a turbine, a generator or to any other vital equipment brings your production

to a standstill or slows it down. It also takes care of expenses to *avert* loss of production.

And along with your Business Interruption insurance, you get the services of The Travelers' outstanding engineering organization. There are Travelers specialists in every important field of engineering. They help you detect breakdown-causing weaknesses in machines—help

you put your plant back in production with a minimum loss of time when an accident does happen.

If you'd like your Travelers agent or broker to arrange for an analysis of the loss exposures in your plant, and quote you rates for Travelers Boiler and Machinery Business Interruption insurance, fill in this coupon, pin it to your letterhead—and mail.

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We want information about Boiler and Machinery Use and Occupancy insurance.

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B.W.—10-2



and other subjects in groupings of about 10 products. These groupings will be made along "natural" lines—similar goods normally sold in the same outlet.

At the business level will be Wiley himself, in his corporate personality of John E. Wiley, Inc., business agent for CAMM. Wiley will be the coordinator, riding herd on the projects and getting the material collated by electronic calculators. Then he will see that the material gets to the clients.

• **The Reports**—There will be three sets of figures:

**Quarterly.** These will be the detailed studies of the entire market—the kind done in Syracuse—giving complete information on brands, models, dealer opinion. Each manufacturer can buy one or more markets as his own exclusive territory; he will be given information on how his appliances are doing—and how his competitors are doing, too.

**Monthly.** There will be less detailed spot checks to provide sales and inventory data. Wiley hopes to sell trade associations these studies. Speed will be a major factor. "If the manufacturers don't get them by the 15th of the month, they might as well forget them," says Wiley.

**Weekly.** These will be fast telephone surveys of a small sample of dealers to catch the latest trends.

• **Who Pays?**—Who will pay for it? Mainly manufacturers, to whom Wiley is selling the idea that if they underwrite market studies they will have exclusive data on the whole competitive picture in those markets. They will then have valuable test markets for the introduction of new products and for the testing of promotion and advertising.

The cost of an entire market would be in the range of \$17,500 yearly for an area with a population of 150,000-200,000. (Several makers of noncompeting lines could lower their cost by sharing a market.)

When the plan is going full blast several years from now, Wiley thinks the total bill will come to about \$15-million, split up among manufacturers, associations, publications, and foundations.

## II. Avoiding the Pitfalls

Partly because Wiley has found a way to split up the cost and partly because of the pitfalls he has avoided, it looks as though this project has a chance to succeed where previous ones have failed.

• **Right Approach**—One major pitfall has been the inability of others who have sought retailing data to get the confidence of the dealer, without which



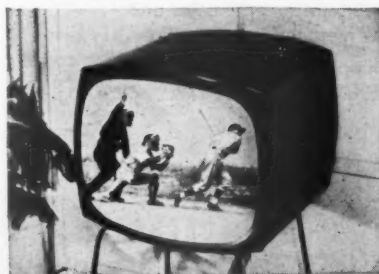
## Helping him in—Raytheon Radar

You're a jet pilot. Your job is to land on 40 yards of a carrier's pitching flight deck at 135 m.p.h. Too slow and you stall out. Too fast and you crash the barrier. You must come in at the *right* speed and it's always been strictly up to you and the Landing Signal Officer.

Now the Raytheon Speed Indicator Radar becomes your partner. It clocks the approaching plane, automatically allows for speed of aircraft, carrier, and wind to give true air speed. Result: new safety for men and planes, another dramatic proof of Raytheon's "*Excellence in Electronics.*"



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**ALL-NEW RAYTHEON CHALLENGER TV** has exclusive "stand-up" tuning. Comes in 8 smart *decor* colors. Compact, portable, sleek—its cabinet face is *all* picture.



**IN TOUCH BY VOICE**—Raytheon's PRC-6, rugged military transmitter-receiver, also provides communications at the world's leading news & sporting events.



## UTILIZE CONTAINER SPACE FOR ADVERTISING!

**STONE's design and merchandising services** can help you tell your product story in color with *Multitone*.\* Have this effective additional selling power all the way through distribution . . . from factory to store to home. Examine your present shipping container. Packaging revaluation can produce enough savings in labor, inventory and other expenses to pay the slight cost of blanketing your cartons with color and printing . . . a potent new merchandising medium. Reevaluate your present shipping container. Write for STONE's free Evaluation Check List.

\* Exclusive registered process.

## STONE CONTAINER CORPORATION

General Offices: Dept. B7 • 4200 W. 42nd Pl. • Chicago 32, Ill.  
OTHER PLANTS and MILLS: Chicago, Ill.; Philadelphia, Pa.; Franklin, Ohio;  
Coshocton, Ohio; Pittsburgh, Pa.; Mansfield, Ohio; Mobile, Ala.

SALES OFFICES: New York; Philadelphia; Pittsburgh; Allentown, Pa.; Lancaster, Pa.;  
Baltimore; Wilmington, Del.; Akron; Cleveland; Columbus; Toledo; Lima, Ohio;  
Mansfield, Ohio; Sebring, Ohio; Kenosha; Chicago; Joliet; Grand Rapids.



no sampling is of any value. Distributors and manufacturers can't gain this confidence themselves. The dealer thinks he is going to be forced into buying more goods if he reveals too much to them. In any case, he resents the power they have over him and, on principle, he doesn't yield very much data.

But the dealer will talk—even show his books, it was discovered in Lansing and Syracuse—to professors who have the backing of an esteemed local institution. The bond is strengthened by the confidential nature of the interview. Survey figures are never revealed in detail ascribed to any dealer—only as part of a group.

• **Sample**—Another pitfall, Wiley thinks, has been the effort to model a national sample after the kind constructed so successfully in food and drug retailing by A. C. Nielsen. The basic principle in these fields is to sample a few stores in many markets. Since food and drugs are consumable items with a fast turnover and since the same goods are sold in practically all stores, such a sample is tolerably accurate.

This isn't true in appliances, says Wiley, where distribution is "thin." In other words, an appliance manufacturer has only a few outlets in any one market. In the Lansing area (population about 250,000) the leading refrigerator brand has only nine outlets, while two well-known brands have only two outlets each and one has but a single outlet.

Wiley reasons that under such circumstances, particularly with a product such as a major appliance that people buy only once every few years, you have to cover a pretty thorough sample. The CAMM sampling in Lansing and Syracuse was 75% or more of the market.

For the great metropolitan centers, Wiley concedes such thorough coverage is impossible and adequate samples on a smaller scale will have to be constructed. But at this stage, he thinks that about 15 markets covered in depth will produce an adequate national sample of inventories and sales.

### III. How It Evolved

The intricate structure Wiley has reared grew piece by piece and changed as it grew. Actually, Wiley started with a somewhat different idea from the one that now guides CAMM.

It all came out of Wiley's advertising agency career. He has spent practically his whole adult life in the agency business, starting in Baltimore back in the 1920s, then moving on to a partnership in a small Cleveland agency, finally winding up at the big Cleveland agency of Fuller & Smith & Ross in the early 1930s.

• **Marketing Trap**—More and more, as



"You see Powell Valves everywhere! And with . . .

. . . good reason! They're famous for dependability. Economical, too.  
What's more, Powell has a complete line."

## Famous for dependability SINCE 1846

Wherever flow requires dependable control, there's *the* place for Powell Valves. Powell probably makes more kinds of valves and has solved more valve problems than any other organization in the world.

Available through distributors in principal cities. Made  $\frac{1}{8}$ " to 30" and for 125 pounds to 2500 pounds W.S.P. Bronze, iron, steel and corrosion-resistant metals and alloys. On problems, write direct to The Wm. Powell Company, Cincinnati 22, Ohio.



CONTROLS FOR THE LIFE LINES OF INDUSTRY

# Powell Valves

108th  
year





# This one is s

"Big iron birds," as planes are sometimes referred to by their crews, have fabulous appetites for fuel. For example: the four huge turbo-compound engines of this Eastern Air Lines Super Constellation burn as much as 500 gallons of gasoline per hour. To cope with such a very high fuel consumption, this Super Silverliner must take aboard at least 3,000 gallons of gas before takeoff on long-range flights.

To refuel such skyway giants it has been necessary to develop faster means of handling today's greater gas loads—safer equipment to convey such highly volatile liquid in volume from refueler truck to aircraft fuel tanks.

It's not surprising, therefore, that Shell Oil Company specified four lengths of Hewitt-Robins Monarch® Aviation Refueling Hose for each of their 19 new top-deck aircraft refuelers



**HEWITT-ROBINS INCORPORATED**  
HEWITT RUBBER DIVISION • ROBINS CONVEYORS DIVISION





# is strictly for the "birds"

that will supply millions of gallons of gas to Eastern Air Lines' planes per year. Hewitt-Robins Aviation Refueling Hose has a stronger carcass, synthetic tube and special tan cover, it's safer, won't mark wing surfaces . . . light, flexible, easier to handle, it cuts refueling time.

Building better gasoline hose to feed "big iron birds" faster and safer is but one of the countless examples of the way in which

Hewitt-Robins is helping American industry.

Whether it's hose to handle liquids or gases — belt conveyor systems (both belting *and* machinery) to convey solids in bulk—or vibrating equipment to screen, feed or shake out material, Hewitt-Robins equipment can solve your problem, large or small. Contact our nearest sales office, your local Hewitt-Robins distributor, or write to our executive offices in Stamford, Conn.

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**ROBINS ENGINEERS DIVISION • RESTFOAM DIVISION**

he struggled with the problems of appliance distribution, he became impressed with one thing. In his own words, here is the cycle he saw repeated countless times:

"It starts with an obsolescent model. This makes consumers reluctant to buy, dealers anxious to trade. The pipeline begins to get plugged up with unsold goods.

"Back at the factory, no one knows about the situation until things are well along, at which point the tendency is to do the wrong thing. First they wait; then they cut back. This disintegrating process goes on until they fire the sales manager. They get a new one—a chap who has just lost his job at another company for the same reason. He is an immediate success—he was a success doing the same thing at the place from which he was last fired. He insists on a new line, new price structure, new sales plan. The man who just got fired, he's a success at his new company, too, because he goes through the same cycle there.

"I kept asking myself, 'Why are durables always sold this way?'"

• **Breaking the Circle**—Wiley made various stabs at finding a way out of the maze.

More and more, he found that his ideas and his job as board chairman of a big ad agency were coming into conflict.

When he set out on his own in 1950, he had a nascent idea. He was toying with something he called "Pilot Marketing." The idea was that appliance makers should thoroughly pre-test new models in selected markets before they go into production on them. That's the way softgoods makers do, but it is pretty revolutionary for the appliance industry, which blinks at throwing away, say, \$85,000 worth of tooling on a new model that doesn't pan out.

It was so revolutionary, in fact, that no one bought it, and Wiley's plan began to go through a metamorphosis. He decided to capitalize on two things he learned: (1) The one point that everyone liked in his plan was the col-

lection of sales and inventory figures at retail, and (2) manufacturers weren't interested in any package that wasn't national to start with.

• **Money Problem**—This posed a tough problem: Where can you get the money to start on such a lavish scale?

Finding the answer to this one has been a long and tough job for Wiley, who was frequently tempted to quit. It has taken several years of constant work and some \$200,000 of his own, his family's, and friends' money. (The only outside money has come from Compton Advertising, Inc., which financed the groundbreaking Lansing and Syracuse studies.) But he did keep on, thanks partly to the generous help and advice of a lot of people who have simply become fascinated by his plan. One of them is Neil Borden of Harvard, dean of the country's professors of advertising.

#### IV. Getting It Started

One of the ingenious aspects of

#### Who sells at retail in Onondaga County

	No. of dealers in each category
Department stores	7
Furniture stores	16
Appliance stores	31
Hardware stores	14
Farm implements and country general stores	4
Automotive and filling stations	11
Contractors (plumbing, heating, and electrical)	7
Jewelry and music stores	4
All other	6
<b>Total</b>	<b>100</b>

#### How big they are

Annual sales volume in 1953

	No. of firms in each bracket:
\$200,000 and over	11
\$125,000 under \$200,000	11
\$50,000 under \$125,000	27
Under \$50,000	51
<b>TOTAL</b>	<b>100</b>

Includes total volume of those firms operating branch stores.

#### How many carry floor stocks

	No. of dealers carrying stock on the floor	Total no. of units in the area in stock on floor	The average dealer with this many units on the floor
Freezers	42	129	3.1
Dishwashers	29	48	1.7
Food disposers	33	54	1.6
Refrigerators	85	653	7.7
Ranges (electrical)	77	283	3.7
Ranges (gas)	65	537	8.3
Hot water heaters (elec.)	29	40	1.4
Hot water heaters (gas)	40	90	2.3
Washers (conventional)	64	239	3.7
Washers (automatic)	83	259	3.1
Dryers (electric)	60	117	1.9
Dryers (gas)	23	36	1.6
Ironers	41	60	1.5

#### THE SYRACUSE SURVEY GIVES

## A Profile of Retailers in a

Who are the sellers of appliances in any given market? How long have they been in business? How big is their volume? How many brands and how many units do they stock? What is their turnover? Do they discount? What price ranges sell best in each category?

These are things the appliance manufacturers would give a lot to know, and for a few market areas they are beginning to get the answers, through John

E. Wiley and his Collegiate Associates for Market Measurement (page 44). CAMM's Metropolitan Syracuse Appliance Dealer Survey analyzes the market in Syracuse and Onondaga County, N. Y., the nation's 54th largest market area (population 368,000).

• **Rang Doorbells**—For several weeks in late summer, three Syracuse University professors of marketing did the necessary legwork, under direction of Alfred A. Swinyard, director of the university's

Business Research Center. They interviewed the majority of dealers in kitchen and laundry appliances in the area.

They got cooperation from the dealers—a key feature of the college-centered research program of CAMM. Only five dealers out of more than 100 (tables) turned the professors down. Many of the dealers went to the other extreme of opening their books. They trust the university, rely on its pledge that no names will be revealed.

Wiley's plan is the way the pump is going to be primed with money.

This is achieved by working on a market-by-market basis within the national structure. In the appliance study, for example, his next step will be to get the National Electrical Manufacturers Assn. and other industry associations—along with others, NEMA is very much interested—to sponsor the first three market surveys. As sponsor, NEMA will receive the full data from these markets. As soon as Wiley can pick up commercial sponsors for these going studies, NEMA will move over to three new areas. Details of the three original markets would then belong to the commercial sponsors, but the broad statistics would be available to NEMA for its growing national sample.

At the same time, Wiley lightens the commercial sponsor's load by offering non-competing manufacturers a chance to share the cost of each market survey.

• **Something for Everyone**—Equally ingenious is Wiley's method of giving something to everybody: clinics to deal-

ers, fees to professors, endowments to universities.

Without the CAMM superstructure, Wiley couldn't have obtained the backing of universities such as Syracuse, University of Pittsburgh, and Michigan State College. CAMM, a non-profit organization, holds the rights to Wiley's plan; it licenses John E. Wiley, Inc., to act as business agent. CAMM is also the means of filtering royalties back to the universities—a "substantial percentage" of the take, Wiley said.

CAMM also has another quality: It is, as it were, open-ended. It can receive foundation grants—if Wiley can coax any—and pass them along to the universities that carry out the projects. This device has helped greatly to enlist the participation of the universities.

Wiley is sure his project will be a good thing for the universities. When the operation is going full-blast in 80 market areas, he figures the universities will be getting an annual income equivalent to 3% interest on \$500-million worth of endowments.

#### How many carry back-up stocks

	No. of dealers with back-up stock	Total no. of units in the area in back-up stocks	The average dealer with stocks has this many units in back-up stock
Freezers	19	262	13.7
Dishwashers	6	13	2.1
Food disposers	7	24	3.4
Refrigerators	27	582	21.6
Ranges (electric)	17	146	8.5
Ranges (gas)	21	657	31.3
Hot water heaters (elec.)	11	60	5.5
Hot water heaters (gas)	16	151	9.4
Washers (conventional)	25	385	15.4
Washers (automatic)	29	379	13.1
Dryers (electric)	19	84	4.4
Dryers (gas)	9	46	5.1
Ironers	10	93	9.3

#### Number of brands they carry

	1	2	3	4	5	6	7	8
Freezers	30	8	4					
Dishwashers	21	6	1	1				
Food disposers	25	7	1	1				
Refrigerators	54	19	10	1	1			
Ranges (elec.)	50	19	8	1				
Ranges (gas)	24	20	13	9		2		
Hot water heaters (elec.)	28	4						
Hot water heaters (gas)	36	5						
Washers (conv'l)	39	22	3		1			
Washers (automatic)	45	22	9	6				1
Dryers (electric)	39	14	4	3				
Dryers (gas)	21	3						
Ironers	35	5	1					

opens itself ...

closes itself ...

pays for itself



**A STOP WATCH SURVEY** of your plant operations will *prove* to you that **ECONOMATIC** Door Operators save materials handling time and will actually *pay for themselves* in short order! And the savings are big, because 26% of production time in the average plant is spent in materials handling.

**ECONOMATIC** effects additional savings for you by improving temperature and humidity control, and also provides positive fire protection and prevents damage. Get complete details—send coupon today!

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Automatic Door Division  
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Please send me the facts on how Automatic Doors can save me money and manpower.

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STREET \_\_\_\_\_  
CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_

## Metropolitan Market

• **Coverage**—The 100 firms who were surveyed own 105 stores, about 75% of the outlets handling major appliances. Not included in the survey: nine outlets that were on the verge of going out of business, 10 that stock appliances but couldn't or wouldn't talk, and 28 that take orders for appliances but don't keep stocks of them.

Like the earlier surveys conducted in the Lansing (Mich.) market, the Syracuse study was underwritten by Comp-

ton Advertising, Inc., which also helped in developing the questionnaire used by the interviewers.

### I. General Picture

Here's the way the Syracuse market appears in the CAMM study:

Appliance outlets rank fourth in abundance among the retailing establishments in the area. The outlets carrying major household appliances—

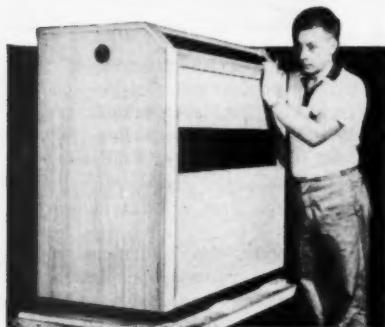
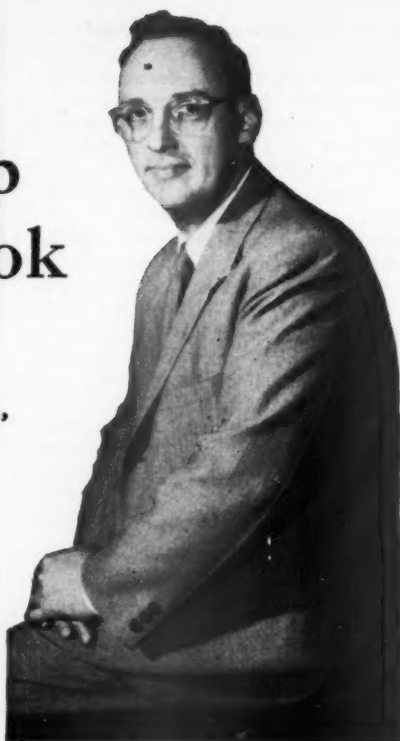


# "We keep our new look — new —

*from Bombay to Birmingham,"  
says Fred Stidfole,  
Vice President,  
Remington Corporation*

"After all the money and effort we put into the fine mechanism and appearance of a Remington Console air conditioner, we want it to reach the customer in the same condition it leaves our plant — perfect," Mr. Stidfole declared.

"We turned to Atlas Plywood to study the 'safe transit' problem of the unit as carefully as we studied its design and manufacture. The Remington conditioner never arrives travel-weary!"



*It's a beauty, isn't it?* A beauty that will stay unmarred from the time it leaves Remington's plant at Auburn, New York, until it reaches the user. Jolts, jars and bumps of travel can't injure either mechanism or cabinet, thanks to the way this console is packed for shipment. Remington is one of the great names in console air conditioning. They ship *all* they make in Atlas Plywood cases.



*Atlas Plywood cases . . . for safe transit.* Remington travel-tested many shipping containers . . . picked the Atlas-engineered case over several others that cost more to buy and to ship. The container firmly cushions the product for complete protection — yet doesn't touch the conditioner itself at any point. "Perfect," says the Vice President. "Reasonable in cost," confirms his comptroller.

## Atlas Plywood

CORPORATION

FROM AMERICAN FOREST TO FINISHED PRODUCT  
PLYWOOD CONTAINERS • FLUSH DOORS • HARDWOOD PANELS



*What about you?* Do you risk wasted dollars due to product damage or increased shipping costs from unreliable containers? Send for free informative, illustrated 24-page booklet, "How Atlas Plywood Cuts Your Shipping Costs . . . Safely," — or see your Atlas Plywood representative (Classified Telephone Directory). Learn about the remarkable testing laboratory where Atlas Plywood containers win their *lab-tested* label. Atlas Plywood Corporation, Dept. BW-1, 1432 Statler Building, Boston 16, Mass.

about 140—exceeded in number only by food stores, drugstores, service stations.

As this implies, there has been a huge growth in appliance retailing since the war. Almost exactly half of the 100 firms surveyed have come into existence since the war, eight of them last year.

A large percentage of dealers carry on nothing more than a catalog business. About 20% of the outlets selling major appliances carry no stock at all and, as can be seen from the tables, another large number carry very little stock.

• **Stocks**—The Syracuse study has some unusual data on how the stock is carried. It gives a breakdown between floor stock (on display) and back-up stock (in stockrooms and warehouses). A lot of dealers carry all their inventory on the floor (tables). In fact, the data also reveals that stocks of some appliances are very thin. As an example, note dishwashers: Not only do very few dealers carry floor stocks of dishwashers, but only a handful have any back-up stocks.

• **Brands**—Equally significant to manufacturers will be the kind of information the study reveals on the marketing position of various brands. These findings boil down to two general points:

• Competition in any one line is intense. In the Syracuse market, no fewer than 16 brands of electric dryers are being offered, 17 brands of automatic agitator washers, 17 brands of refrigerators, 18 brands of freezers.

• Distribution for many brands is extremely thin. Take refrigerators, the No. 1 seller and the major appliance carried by more outlets than any other appliance. The most popular brand is carried by 21 dealers, the next by 17 dealers, the next five by 15 or 16—but the 11 lowest-ranking brands have only one to seven outlets.

• **Price-Cutting**—As for discounting, it is endemic. Here is a rundown of the numbers of dealers who reported that they cut prices, followed by the percentage of all the units they sell that are sold at discount:

No.	% of sales units
27	None
9	"Very little"
10	5
8	6-20
12	21-40
8	41-60
4	61-80
16	81-100
6	No answer
100	

Obviously, discounting is not confined to a few dealers and a lot of order-takers—the mere order-takers aren't even included in the survey.

## II. Food for Thought

It will, of course, take some time before industry people have had a



*A New England Mutual agent ANSWERS SOME QUESTIONS about*

# how the new tax law benefits life insurance policyholders

**THE VOICE OF EXPERIENCE** in the technical aspects of life insurance is well typified by William H. McCoy of Detroit, currently president of New England Mutual's *Leader's Association*. A Nebraska farm boy, "Mac" joined the company in 1920 after Army service in World War I. His skill in solving knotty personal and business estate problems is the result of lifelong study. The same sort of skill is available through hundreds of other highly-trained New England Mutual agents throughout the U. S. A.



## **"What does the new law do to cut down estate taxes?"**

Under the new law, insurance payable to named beneficiaries — in which the insured has no ownership rights — is not taxable in the insured's estate merely because he paid the premiums. This means you can provide your wife with non-taxable life insurance with which she can pay federal estate taxes.

## **"Is it any more feasible now for a partnership, as an entity, to purchase life insurance?"**

Yes, for tax purposes, a partnership won't necessarily end when a partner dies or withdraws. Also, the danger of tax liability on the death proceeds of partnership-owned insurance policies has been removed by new exceptions to the "transfer for value" rule.

## **"Will corporations now find more opportunity to provide for stock redemption through life insurance to pay death taxes?"**

The new law considerably liberalizes the circumstances under which such a redemption will escape tax. It also permits tax-free redemption to get cash for funeral and administration expenses. Thus life insurance can be used favorably in more situations, and additional coverage may be desirable for existing agreements.

## **"What help can I get in deciding technical questions about life insurance?"**

You're invited to use the expert knowledge of a carefully selected and trained group of New England Mutual men who are specialists in this field. Our first advice, however, is for you to ask your attorney how the law affects your particular situation. Then the New England Mutual agent will work with him to fit life insurance into the picture.

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Life Insurance Company of Boston

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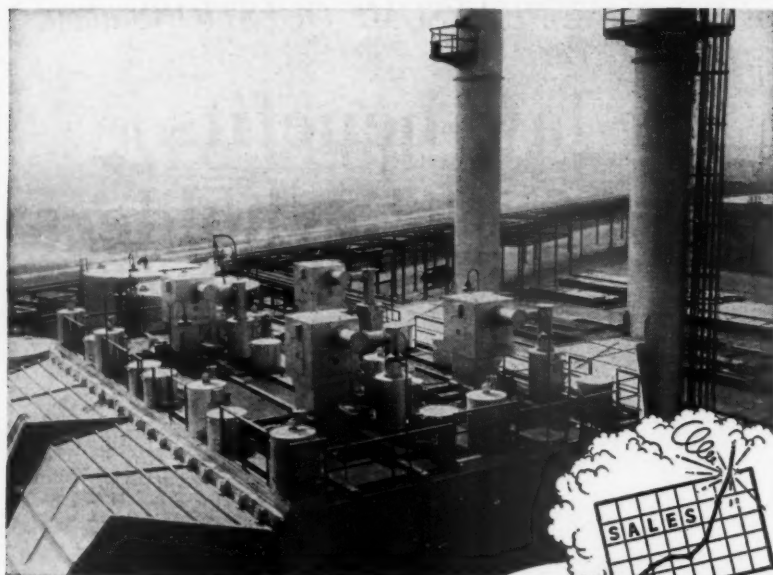
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Nothing succeeds like success! It happened when Buell's 'SF' Electric Precipitator began setting dust collection records . . . now it's sales records! They're actually selling by the dozen!

Spectacular on-the-job performance is the real secret! It set a lot of people talking! About low maintenance costs . . . about brand new efficiency records . . . about the wide range of different and complex dust collection problems solved by Buell's 'SF' Electric Precipitator.

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**DUST COLLECTION SYSTEMS**

chance to scan and analyze the Syracuse findings. Furthermore, nothing definitive can come out of the CAMM efforts until more studies have been made and examined in the light of each other.

• **Findings**—However, the Syracuse study contains some provocative pieces of information. For example:

**Credit sales.** Fifty percent of the dealers do 80%-100% of their total volume on credit. Most of the smaller firms—with less than \$50,000 volume a year—tend to use the services of local banks to finance their credit dealings. Stores of \$125,000 volume or more tend to rely on their own resources.

**Mixed carload shipments.** For some reason, only 12% of the Syracuse dealers have participated in carload shipments from the factory in the past six months.

**Sales leads.** Some 35% say they make no effort to follow up prospects who come into the store or who ask for information. About half the dealers say they follow up such leads with visits or phone calls at the home or office.

**Advertising.** Almost 40% of dealers are unable to give any data on advertising expenditure—because they don't keep any records.

**Financing inventories.** About 25% utilize inventory-financing plans such as the floor-plan type.

**Fewer Brands**—There is a slight trend toward carrying fewer brands. Nearly half the dealers who were interviewed had cut some brands from their stock during the past year; only one-third had added brands. This process is most noticeable in the under-\$50,000 volume class, where the dealers dropped a total of 26 brands and added only six.

• **State of Business**—The last point obviously has some connection with the fact that it has been the smaller appliance dealers in Syracuse who have suffered most from the drop-off in business. Here is the scoreboard:

- The \$125,000-and-over firms, as a group, held the line on dollar volume in the first half of the year, compared with the same period in 1953.

- The under-\$125,000 group fared much worse. About 20% reported increases in sales, while 55% reported decreases—and their decreases ran to much larger percentages than those experienced by the larger stores.

- **Aid to Dealers**—The Syracuse researchers feel that they can do something to help the city's dealers improve their position. They view the CAMM project as an educational one. On one hand they, the professors, have learned a vast amount about their local market that no one ever knew before. On the other hand, they can help to educate the dealer in the facts of his market and get him to improve his methods. They conducted a well-attended clinic at the university for the dealers after

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the field work had been completed.

The survey pinned down the fact that all too many dealers keep skimpy records. For instance, 54% of the under-\$125,000 group don't keep perpetual inventory records but depend instead on an annual physical inventory.

Particularly important, say Swinyard and his people, is the need for stressing the rate of flow, the turnover, in appliances. Most dealers don't think in terms of such ratios, but rather in static terms of so much inventory at hand now.

• **Self-Analysis**—At the same time, the people behind the CAMM program know they must make improvements in their own methods. They must:

- Define the Syracuse trading area more precisely and extend the survey to cover it;

- Include the sales of all the non-stocking order houses, since these may generate considerable sales volume;

- Find some way of bringing into the survey contractors and builders who don't sell at retail but do handle appliances for installation in new houses.

## Cigarette Output: Down Again

Output is down about 3% from last year—the second drop in a row . . . Wholesale grocers try comeback . . . More breweries merge . . . Caveat emptor the rule on “push-money” . . . Fur trade appeals to middle-price bracket.

Cigarette production will take another slide this year, the Dept. of Agriculture predicted this week.

Government men put the drop in 1954 output at 2% to 3% below last year. They figure this year's total output at around 413-billion cigarettes, as against 423.1-billion in 1953, and 435.5-billion during the peak year of 1952. The Agriculture report also forecast that cigars would fall off about 1%, smoking tobacco 33%. But said snuff may go up about 1%.

Agriculture blamed the drop on consumer attitude—a tightening of financial belts and greater selectivity in buying. Trade people, however, remember that cigarettes have always sold best in the past during a depression or hard times. The report also pointed to continued high cigarette prices as a reason for a fall in output. Here, again, tobacco men cite the case of British smokers during World War II, when smokes were gobbled up in Britain at almost any price that was asked.

Another key factor—which Agriculture said “some industry people think has hurt sales”—is the cancer scare. In fact, if it hadn't been for the rash of new king-size and filter-tip brands, absorbing a good hunk of both the market and production, cigarette output this year might have tumbled still lower.

Wholesale grocers are saying they've found a new way to recapture their position in food distribution.

Lately, the trend has been for retailers to buy from big suppliers. A lot of supermarket chains, for example, buy direct from their own company distributive systems. This has taken a chunk out of the wholesalers' business.

Last week in Chicago, however, the

National American Wholesale Grocers Assn. presented a series of panel discussions intended to show the food world how retailers can benefit more by patronizing smaller, geographically scattered wholesale grocers. As NAWGA sees it, here's how:

A lot of wholesalers have started development programs for small retailers. These programs are an extension of the voluntary chain idea (BW—May 20 '50, p64) that has had growing success. Like the voluntary chain, the wholesalers' program tries to give independent operators the advantages of a chain operation. This includes providing services—accounting, advertising, and the like—for small retailers at a slight charge.

The wholesalers are going even further. Their idea is to actually locate a desirable store spot for the retailer, buy it for him, sublease it to him, show him how to run it with the latest merchandising techniques. In return for all this, the wholesaler gets a new retail outlet.

Also, the NAWGA panels emphasized that wholesalers can cut their administrative, accounting, advertising, and distribution costs way below those of the big supplier.

The retail outlet recruitment program, which NAWGA calls a “revolution” in food marketing, has had good experimental results over the past year or so. More people are being brought into the business, with proper checks to make sure they succeed, the wholesalers say.

Now NAWGA is out to convince not only retailers, but food manufacturers, other wholesalers, and even merchandising managers of advertising agencies—all of whom were represented on the Chicago panel discussions. Response last week was enthusiastic, according to the trade association. “The

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for the streamliners



J-M Gaskets come in many types and styles for a wide variety of applications. Materials include synthetic rubber, asbestos, metal-asbestos, solid metals and alloys.



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## Johns-Manville Packings have been cutting costs for American Industry for over 80 years

From long experience serving America's leading industries, Johns-Manville has developed a broad line of packings, gaskets and other sealing devices. Each seals tighter and lasts longer against the fluid for which it was designed. J-M Packings and Gaskets save space, time and trouble for equipment manufacturers and users.

For example, new Johns-Manville designs give moulded packings higher efficiency with greater compactness. Special J-M asbestos and synthetic rubber compositions enable them to withstand severe service—thereby extending their use to many types of equipment.

**Four modern plants**—Manville, N. J., specializing in moulded, fabric and sheet packings . . . New Brunswick, N. J., metal-asbestos and metallic gaskets . . . Waukegan, Ill. and Watson, Cal., sheet packing and gaskets.

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PACKINGS AND GASKETS

panels were like a revival meeting," one NAWGA spokesman said.

Beer mergers are brewing. Two came off last week, involving three of the nation's bigger breweries.

These mergers point up the industry's trend toward diversified distribution, and its fierce competitiveness. The stronger competitors are reaching for plants closer to western markets, to cut distribution costs as well as to increase production capacities (BW-Jul. 3'54,p68).

Griesedieck Western Brewery Co. has asked its stockholders to O.K. sale of its brewing assets to the Carling Brewery Co. of Cleveland for \$10-million.

Carling, part of the big Canadian brewing interests, is ranked 19th in this country, with last year's sales of its Red Cap ale and Black Label beer topping the 1-million bbl. mark. Regarded as a comer in the trade, it has been increasing its sales and capacity as well as its profits pretty steadily over the past few years. With its new GW facilities in St. Louis and Belleville, Ill., and completion of a new plant in Natick, Mass., in 1956, Carling's capacity would be nearly 4-million bbl., making it one of the country's 10 biggest brewers.

Griesedieck Western on the other hand, has suffered spotty sales and profits during a similar period. Since it split from Griesedieck Bros. Brewing Co. several years ago, it has ranked out of the top 10—last year its sales volume of just under 1.5-million bbl. placed it 13th in the U.S. Its Stag brand topped the local St. Louis market until Budweiser bested it as a result of the recent price war. Its stockholders are expected to approve the sale to Carling at a special meeting in Belleville, Oct. 25.

National Brewing Co. of Baltimore has announced that it has bought controlling interest in Detroit's Altes Brewing Co.

National, maker of National Bohemian and National Premium beers, ranked 24th last year with sales of 775,000 bbl. Its capacity is 1-million bbl., will nearly double with acquisition of Altes' 800,000-bbl. facilities in Detroit. National bought 400,000 shares of Altes, at a price of \$2.5-million.

Very quietly, FTC has changed its rule on push-money. Now, retail customers don't have to be notified that clerks are being paid by manufacturers to recommend certain products.

Push-money is a promotional device some manufacturers use to pay a retail store clerk for plugging their products.

FTC has recognized push-money as a legal practice for several years, but

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## DuPont saves \$7,000 a year with just partial modernization of coal burning equipment

The boiler plant at DuPont's Barksdale Works was operating inefficiently, due to an old forced draft system and unwieldy combustion control. DuPont engineers decided to modernize these operations, estimating that the cost would be amortized quickly through the increase in efficiency. An up-to-date draft fan and automatic combustion control system were installed. Today savings of \$7,000 annually have been realized—a gross return on the investment of 140%! Not only has the new equipment paid for itself in one year, but it has produced the additional advantages of reduced ash-pit losses, lowered maintenance costs, increased steaming capacity.

### Thousands Saved

More and more plants are saving thousands of dollars yearly burn-

ing coal the modern way. The reasons are obvious. In most industrial areas, coal is the cheapest fuel available. Not only do you actually get more BTUs per dollar from coal, but the efficiency of modern combustion equipment extracts even more benefit from coal's inherent energy. What's more, today's automatic coal and ash handling methods mean minimum labor costs. Coal is clean, too. It travels in dust-tight chutes; ashes are piped out through pneumatic tubes; there is no smoke problem. And between our vast coal reserves and highly mechanized coal production, you can count on coal remaining plentiful and its price remaining stable.

### Investigate Fuel Costs

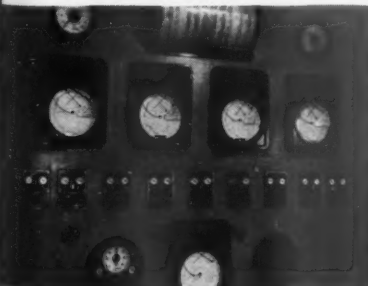
If you're planning to modernize your old plant or build a new one—or if you are just interested in cutting fuel costs—find out how coal burned the modern way compares to other fuels for *your* plant. Talk to a consulting engineer or your nearest coal distributor. Their advice may save you thousands of dollars every year.



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Here are the natural and man-made resources you need to grow and succeed: Ample, low-cost power; numerous raw materials; fast, dependable transportation; snow-free climate; a large pool of willing labor; cooperative local governments. And for your financial requirements, here is The First National Bank of Atlanta, a bank that will help you find the best location for your new plant . . . a bank that will finance your re-location.



Experienced Industrial Location Specialists are available to do your spadework. They are ready to start this minute searching for the site where you'll have *elbow room* to operate profitably.

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under some very strict conditions.

A couple of weeks ago, FTC slipped a less restrictive push-money rule into the Federal Register. No one seemed to know about the change—FTC didn't even issue a press release—until a drug and cosmetic trade newsletter, F-D-C Reports, dug it out of the Federal Register.

Actually, FTC announced last June that it would ease up its push-money rule. The old rule was unworkable, industry felt, and neither the Democratic FTC that passed it nor the new Republican commission tried very hard to enforce it.

The old rule, among other things, required that push-money couldn't have the "tendency or effect" of "misleading or deceiving" the customer. In other words, the customer was supposed to be aware that the clerk who recommended a certain product was getting paid to do just that. But the new rule dropped this requirement.

FTC made the decision, last December, when it got favorable reaction to the proposed change from cosmetic industry groups where push-money is widely used.

Manufacturers and retailers both complained that they saw no way to let customers know about the push-money. One proposal: having the clerk wear a badge listing the products he was being paid to promote. Too clumsy, said the trade.

**The fur trade is finally making a real effort to attract the medium-price market.**

For several years, the industry has been worried over a steady drop in sales, apparently due to its own mink-mindedness and to the public's feeling that furs had become luxury items.

Last week in New York, 30 furpiece manufacturers put on a "Trail-blazers" show featuring new styles of such once-popular furs as rabbit, mole, sheared fox, American o'possum, skunk, squirrel, and marmot.

The show, beamed at fashion editors and store buyers, climaxed a campaign by the Associated Fur Manufacturers to get the whole industry behind the move to revive popular-priced models of forgotten furs. An industry steering committee was set up by AFM, representing manufacturers, processors and dyers, raw skin dealers, wholesalers, retailers, and unions.

The steering committee says industry response to the show "exceeded our expectations." Show models featured 50 garments in new styles and colors, selected from 86 designed for the show. All were priced for the "housewife, college or business girl, and teen-ager." A \$300 retail price limit was placed on the coats; stoles and some other



**DA** products . . . keyed to basic human needs



## Heap big protection for your little guy...

When your young Chief Never-stop and his braves pull a surprise raid and massacre the food larder, you simply take it for granted that the "chow" is pure and wholesome. Isn't that the *ultimate* tribute to the bottled and canned foods industries? Without thinking about it, you *know* that vast protective forces are at work guarding the health and energy of your youngsters — and yourself.

One of these forces is Dewey and Almy. At this very moment, many of the canned and bottled foods in your pantry are being protected by Dewey and Almy sealing compounds. A Dewey and Almy adhesive is used on those

convenient disposable milk cartons you're seeing these days. And another Dewey and Almy development, the CRYOVAC vacuum-sealed transparent packaging process, is rapidly becoming the preferred method for protecting smoked meats, poultry, natural cheese and other foods.

Helping the food industry guard your family's health is just *one* of the ways that Dewey and Almy products are working for you every hour of every day. The partial listing of our products, below, may give you an idea of the growing importance of Dewey and Almy in supplying to industry products that are "keyed to basic human needs".



### DEWEY and ALMY Chemical Company

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Offices or Subsidiaries in principal U. S. cities and in Buenos Aires, Copenhagen, London, Melbourne, Milan, Montevideo, Montreal, Naples, Paris, São Paulo, Tokyo  
Shoe Materials • Sealing Compounds for Food Cans • Adhesives • CRYOVAC bags for Food Packaging • Soda Lime • Flowed-in Gasket Compounds  
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**NEW**, revised edition of the famous 3M "Executive's Manual"! A fact-packed handbook that explains in non-technical language how to get the most return from the valuable floor space allotted your printing department. Suggests new methods to improve printing quality and make better use of existing equipment. Shows how "3M" Pre-sensitized All-aluminum Photo-Offset Plates can save time and money for you. Thousands of executives have profited from reading earlier editions of this helpful handbook. Send for your copy today — no cost or obligation, of course!

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To sell the public, an advertising and promotion campaign will get under way this fall, sponsored by AFM, manufacturers, and retailers. The budget hasn't been definitely set as yet, but the steering committee indicates that it will go all out to put the idea across to the public.



## Liquor Price War

The competitive battle stems from these factors: Washington is a wide-open liquor market where more bottles per capita are sold every year than in any other U.S. city, and where price-cutting is rampant since the District has no "fair trade" law for resale price maintenance.

Central business districts are worried over the flight to the suburbs. They're banding together to meet the threat.

"We all know what has to be done," said one IDEA spokesman. "What I'm interested in is finding out how to do it and who is going to pay for it."



**MORE THAN 100,000 ELECTRICAL ITEMS** are available from Graybar — complete wiring systems for any industrial need . . . apparatus for power distri-

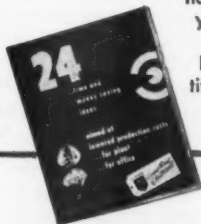
bution...lighting units and lamps...ventilating, signaling, and "intercom" equipment...plus cable, conduit, wiring devices, and tools needed to install them.

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This fact-filled booklet "24 Time-and Money-saving Ideas" gives actual case-history data . . . demonstrates conclusively the savings possible through improved utilization of electrical equipment of all kinds. Write to the address below for your copy.

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Here are four important reasons why your next order for electrical equipment and supplies should read "via Graybar."

1. Graybar distributes the products of over 300 of the nation's leading manufacturers — well-known lines of proved design and construction.
2. Prices and specifications on all these items are promptly available from your local Graybar office or warehouse.
3. Local stocks of standard electrical items and fast delivery on nonstock lines assure on-schedule deliveries for both construction and everyday maintenance needs . . . in emergencies, shutdown time can be held to a minimum.
4. Graybar Specialists in all of the major electrical fields are available for consultation on out-of-the-ordinary projects. You can rely on them for careful analysis of your requirements and complete impartiality in product recommendations.

Make it a point always to call Graybar *first* — a single source . . . a single responsibility will save you time and money.

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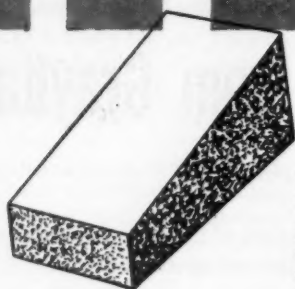
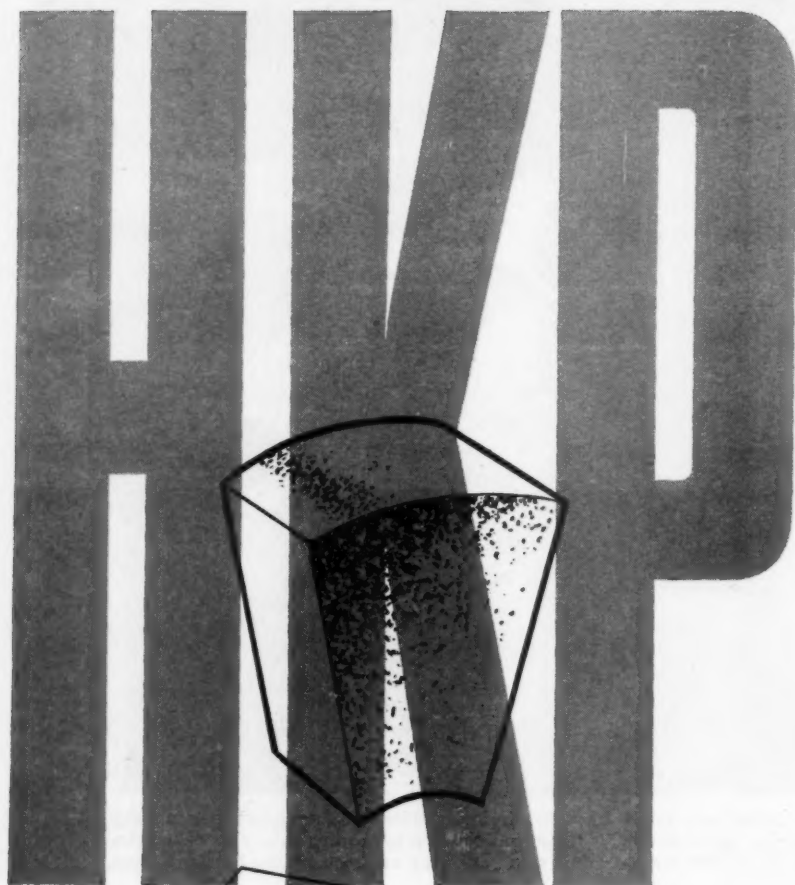
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DELTA-STAR ELECTRIC, CHICAGO, ILL.  
LESCHEN WIRE ROPE, ST. LOUIS, MO.  
MCLAIN FIRE BRICK, PITTSBURGH, PA.  
PIONEER RUBBER MILLS, PITTSBURGH, CALIF.  
QUAKER RUBBER CORPORATION, PHILADELPHIA, PA.  
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WATSON-STILLMAN FITTINGS, ROSELLE, N. J.

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Executive Offices: Alcoa Building, Pittsburgh 19, Pa.

## MARKETING BRIEFS

Watch manufacturers hotly denied charges that tariff boost (BW—Aug. 14 '54, p. 75) raised retail prices on Swiss watches \$5, cut sales 25%, and caused widespread unemployment among Swiss watchmakers. Answering Ralph Lazrus, president of the Swiss watch importers' trade group, the American Watch Manufacturers Assn. said prices on Swiss timepieces have gone up very little if any, that the sales cut came before the tariff hike.

Chain drug stores do better—in profit margin—in shopping centers than they do downtown, a recent Affiliated Chain Drug Stores study shows. The survey indicated that salaries are lower, and that more cosmetics, sundries, tobacco, and ice cream are sold.

Utah's "fair trade" law was killed this week, when a state court in Salt Lake City found against General Electric Co. in an injunction fight with a local discount house. The court held that the state resale price law goes against the state constitution.

Movie attendance is down 12-million from 1953 level for National Theatres, Inc., the nation's second largest chain that split-off from 20th Century Fox Corp. last year. But National's box-office receipts are up \$1.2-million for the same period, company reports.

A combination ball-point pen and tri-colored pencil will be put into nationwide distribution, Norma Pencil Corp. has announced. Norma, which for years stuck to one product—its three-colored automatic pencil—has tested the new combination pen-pencil in regional markets.

Rowe Corp. claims it sounded out the most complete line of automatic vending machines in the industry, with the purchase of Spacarb, Inc., soft drink cup vending machine maker. Spacarb will operate as a division of Rowe's manufacturing subsidiary which bought Spacarb's equipment, assets, and 164,445 outstanding shares of stock at \$2 a share.

Closed circuit TV was adopted for the first time in the liquor industry by Frankfort Distillers for an all-star sales promotion show last week. The hour-and-three-quarter show was presented to 300 wholesalers and retailers in Albany, N. Y., featured Hollywood talent, cost about \$150,000.





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Equitable meets this need with a remarkable new policy. This policy protects *your family* if you die and pays *you* higher-than-ever cash benefits if you live. You don't have to die to win!

**AVAILABLE IN AMOUNTS OF \$10,000 OR MORE.** Because you purchase in such amounts, Equitable

passes on to you important savings in the form of low premiums.

At age 35, for instance, the premium you pay is 15% less than before—only \$23.41 a year per \$1000. Annual dividends may be used to reduce your premiums.

**NEW FLEXIBILITY.** This new Equitable policy fits the changing circumstances in your life. If you take out a policy at age 35, you are guaranteed the right at age 55 to adjust your policy so that you will not have to pay any further premiums after 65. Or you may exercise the privilege of changing to a policy that will permit you to collect the full face amount at 65 or choose an income plan,

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### have you considered the advantages of leasing?

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# MANAGEMENT

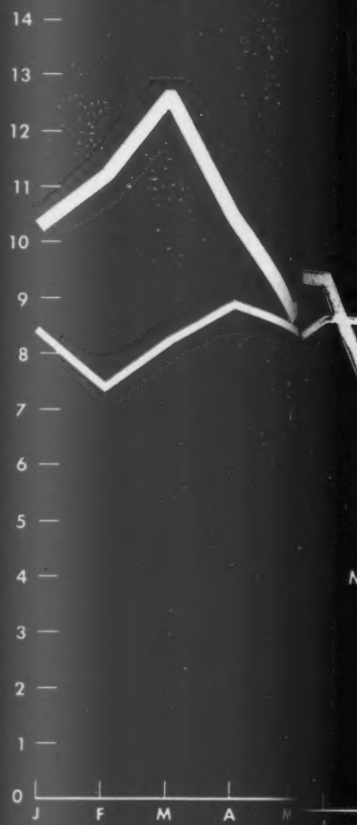
## Top problem today for manufacturers:

Matching output to consumer buying habits. The trouble shows up dramatically in...



### Refrigerators

Percent of year's sales by months



Data: Electrical Merchandising, NEMA.

## GE Seeks the Answers in Its

If you want to know what's on the minds of a lot of top management men today, take a look at the charts above.

The story told by the charts is simply this: Even in traditionally seasonal lines, retail sales today move comparatively smoothly from month to month, while manufacturers' sales to distributors are jerky, wide-swinging.

Sometimes, in fact, the factory sales act like a crazy mirror. They reflect the same image as the retail sales—the buying pattern of the public—but in such a distorted way that the pattern is almost unrecognizable.

• A New Suspect—Jerky production costs money—in overtime, delays, lost sales, higher shipment charges. In the past, companies have leveled it out by

adding lines with different seasonal or cyclical curves. In any event, they've learned to live with the production swings.

But now, with a market a lot bigger and admittedly different, there is a dawning realization among some management people that for some types of consumer goods the peaks and valleys of production aren't caused by the consumer. Instead, they may be the result of a faulty distribution system.

### I. New Approach

This week, General Electric Co. took the wraps off a major effort to find out. About six months ago, GE set up a two-year research study, which it calls



## GE's Distribution System

the Consumer Goods Distribution Study Project. That name gives you some idea of the breadth of what GE is trying to do. Actually, the study will delve even deeper than the name implies.

Conceivably, its results can cut across every phase of GE's consumer business. In the words of Roy W. Johnson, executive vice-president in charge of most of GE's consumer products: "Whatever we do, we are trying to correct a factory problem."

• **Favorites**—Ever since the 1920s—except for the production race during the war and postwar boom—the factory has had to fend pretty much for itself. The sales end of the business set the pace. When a company attacked the distribu-

tion problem, it did so from a sales viewpoint. It used tactics that at best solved the peaks-and-valleys problem only temporarily, and at worst—with sudden hardsell drives—only accentuated it.

In the postwar period, management has been able to live with the fluctuating demand on factory production. But many management people—and not in GE alone—realize that the time has come when something basic probably has to be done.

• **Now**—There are several reasons why the time is ripe. Outstanding are three: **Demands for stabilized employment.** You probably can't find many businessmen who will agree that the guaranteed annual wage idea is either practical or

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economical. Many consider it unfair. But even those who will fight hardest against union demands for the guaranteed wage admit that, like it or not, the demand for stable employment is becoming more and more pressing. The one major solution that the management of a company such as GE can offer is much evener production. Realistically, management can look at the problem this way: Either we solve it—or the unions will try to.

**Profit margins.** Now that supply and demand are fairly well balanced, a manufacturer can't beat rising costs by raising prices. Since costs are rising, something has to give—and all this year and last it has been profit margins. Fluctuating production is expensive—hence, the drive to smooth it out.

**Excess capacity.** Now that industry generally has squared its manufacturing facilities with its demand, the pressure of competition to keep those facilities in use is greater than it has been since the end of World War II. The company that figures out how to chop its costs—and its prices—obviously has the best chance to keep its plants busy.

• **Project**—GE had all these reasons—plus a few special ones—in mind when it decided early this year to set up its study project. The decision was made at the top level—through Ralph J. Cordiner, president, and his consumer goods chief, Roy Johnson.

The idea was to take a thorough look at the company's whole system of producing consumer goods and getting them into the hands of the ultimate buyer. This means that nothing will be beyond the scope of the project.

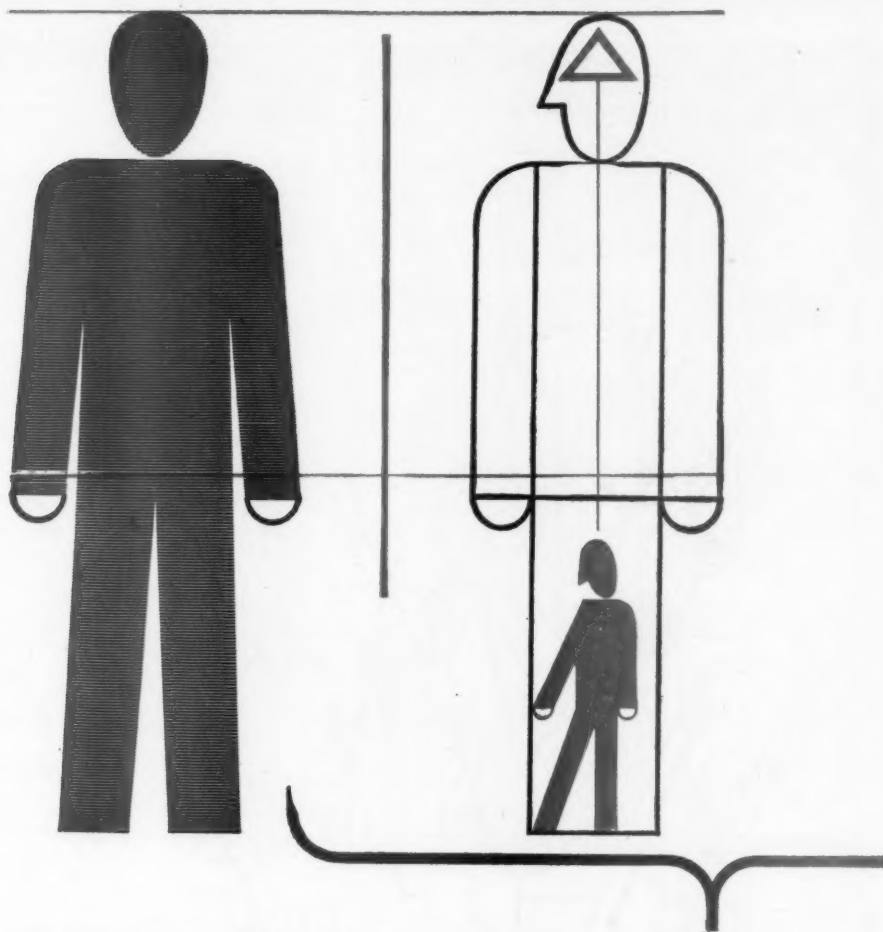
Ten men working on the program have been pulled out of the organization and placed in 3,000 square feet of office space in New York, away from headquarters. They have two secretaries and one statistician. Two of the 10 are mathematical experts with the ability to use the concepts of cybernetics (a theoretical science dealing with controls).

• **Program**—The first 18 months of the project will be spent gathering facts. Deep-probing studies will be made of the public's buying habits. Little has been done in this area, with the exception of the University of Michigan's Federal Reserve Board surveys (BW—Apr.12'52,p19). GE will use those as a base.

The study group will make motivation research (BW—Aug.14'54,p50) one of its chief concerns. Beyond that, every bit of information necessary from the operating end of the business will be available to the group. The group will also look at the distribution methods of other companies in the auto, hardware, food products, and tire industries.

It will try to tell top management





## ***how to help all your salesmen produce big***

■ One way is to train your salesmen to sell better. That you'll always do. But it takes time. — ■ Another is to enable them to spend more of their time face to face with prospects who are really interested; ideally those who have invited them to call. This you can do something about right now. — ■ A good catalog program is the key, because those who specify and buy in industry almost always use catalogs to sift suppliers before calling in salesmen. And *your* catalogs can be planned specifically to induce more of them to call in your men. They can be placed strategically in the offices of all good potential customers and kept there ready for instant use. — ■ Helping manufacturers get more invitations for their men to call, through better catalog procedure, has been the whole business of Sweet's for nearly 50 years. A helpful new booklet, "Your catalogs—key to more orders," is yours for the asking. Sweet's Catalog Service, div. of F. W. Dodge Corp., Dept. 21, 119 W. 40 St., New York 18. Offices in all principal cities. "The easier you make it for people to *buy* your products, the easier they are to *sell*."



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cut shipping weight considerably."**

You just can't get lighter, more rugged shipping containers than General Wirebound Boxes and Crates! The secret? Lighter, stronger materials, and the fact that each container is designed to fit the *particular* product.

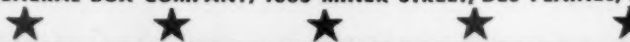
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# General Box

GENERAL BOX COMPANY, 1805 MINER STREET, DES PLAINES, ILL.



exactly what the functions of the distributor and dealer are, and whether (1) distributors and dealers today are performing those functions and (2) their jobs match what the public wants.

• **Philosophy**—GE is determined to prevent any traditional thinking from blocking the research. Mainly, the work will concentrate on major appliances, where the cost of manufacture per unit is high.

For that reason, Johnson has mostly picked people inexperienced in that field, although this month a former Kelvinator employee and an ex-Willys man were hired for the project.

Explaining some preliminary thinking, Johnson points out that the major GE appliances are generally made and sold all in the same way. He has his doubts whether that's good. For instance, should plug-in appliances such as refrigerators be treated the same as products that need installation and fairly constant servicing?

But the researchers have been handed no preconceived ideas of what to look for or where. They can get their leads anywhere.

## II. What's Behind It

There are special reasons why this was the year when GE decided to dig for gold in its distribution setup.

In the consumer field, its product line is overwhelmingly appliances. A large portion of that appliance business is in major appliances. It is in major appliances that the peaks-and-valleys pattern shows up most strikingly at the factory.

Margins are admittedly getting thinner and thinner. By GE reckoning, the electrical industry's cost and price relationships since 1950 have worked this way: Wages and materials costs have gone up about 30%, the cost of living about 13%, the general price level for the entire industry 18% to 20%—but consumer prices for electrical goods have climbed only 7%. What's more, all of that boost came in one year right after the Korean War started. Prices haven't budged since.

• **Ways Out**—The obvious way to boost those margins is to cut manufacturing costs. But that has been done. As Johnson says, GE and most other companies have spent millions on new plants, new machinery, and research. Right now, for many companies, there isn't much more that can be done with manufacturing. But unfortunately, what they have done has just barely kept them ahead of rising costs.

So about the only door that hasn't been opened is distribution. In some cases—especially major appliances—somebody else has opened the door: the discount houses, but at the cost of a barrel



## How to stop a big spender—

This man is a good spender. In fact, he spends so much on items like gas and oil that he's getting finicky . . . watching what is offered for his money. Multiply him by 40 million and it's obvious why refiners have to sharpen every operation to keep a competitive edge.

In their marketing plans, the economics of production set the pace for profit. Process equipment *must* produce a highly saleable product with *better-than-competitive* economy, and dependability that can be taken for granted.

So in refining, as in other process industries, staying ahead of tomorrow's competition means an investment in better tanks and pressure vessels *now*. For when failure of one piece of equipment can shut down an entire processing operation . . . wreck schedules, volume, profit . . . it is simple insurance to specify better-than-ordinary fabrication. Only the *qualified* equipment builder gives you this. Close control over materials selection, fit-up, welding and testing are his marks. He can work with your engineers and consultants, translate their ideas into the specialized equipment you must have. You will profit by talking to him *early* in your planning, drawing on his experience, ability and facilities to gain the equipment dependability you must have.

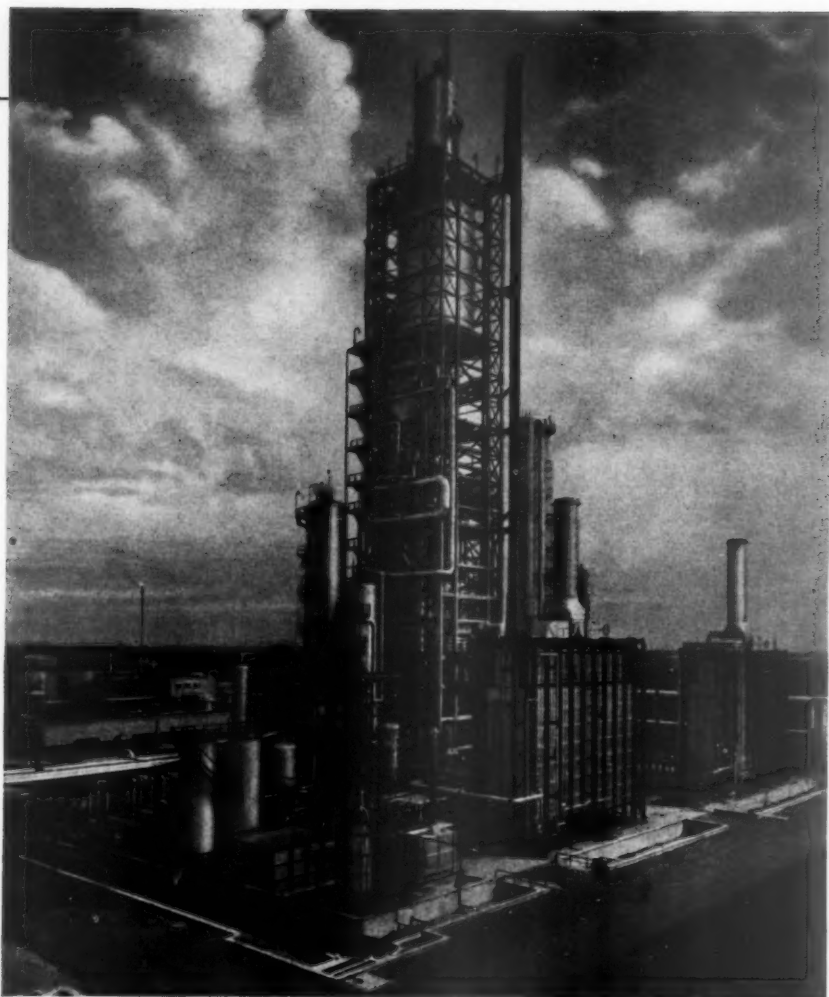


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The new Condor catalytic cracking unit has a capacity of 15,000 barrels per day. The crude unit in the background has a capacity of approximately 45,000 barrels. Condor's new gas plant and compressor building are shown below.

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Located in the Po River Valley, and advantageously situated in relation to Italy's fine Autostrade highway system, "Condor S.p.A. L'Industria Petrolifera e Chimica," exemplifies the regeneration of Western Europe's essential industries.

The basic engineering for Condor's petroleum refinery process units was performed in the United States by Stone & Webster Engineering Corporation, with detailed engineering, procurement, and construction management by the Corporation's affiliate, E. B. Badger & Sons Limited.

*Write or call us for information as to how our experience may be of assistance to you.*



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of headaches for management (BW—Apr. 3 '54; p158).

• **Other Troubles**—GE's project also stemmed from another hard fact in the appliance field. There are scores of brands on the market. Just to hold your own market position, let alone move ahead, takes a lot of effort—and costs a lot of money.

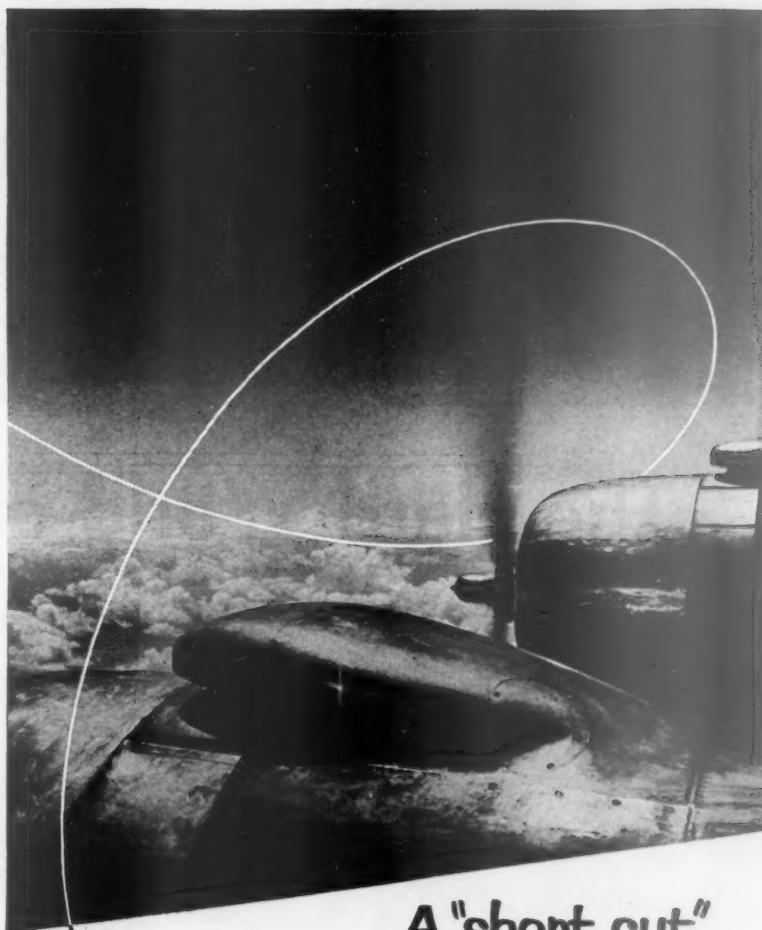
Then, there is the example of Sears, Roebuck & Co. It probably has as low a markup over shop costs on its major appliance lines as any firm in the business. One estimate puts Sears' markup 25% below that of any of the major appliance manufacturers. The reason? Sears has what one company considers a "no-step" distribution system—its suppliers' factories have to make a profit, but then the merchandise heads for the retail counter or catalog. An independent manufacturer, on the other hand, usually has to go through a distributor, then an independent dealer, both of whom must show a profit. It's virtually impossible from an economic standpoint for a manufacturer to acquire a Sears distribution system.

Finally, GE's major consumer field is one where statistics showing how and where merchandise travels after it leaves the distributor are virtually nonexistent, except on a historical basis (page 44). The charts on pages 68 and 69 use retail figures based on an annual survey of utility companies by Electrical Merchandising, a McGraw-Hill magazine. Unfortunately for factory production scheduling, they are not current. So the factory still has to base its production schedules not on how the public buys but on how it sells to distributors.

That's why much of GE's research will seek out consumer buying habits. • **Early Tip**—Some empirical experimenting—using a consumer mail-back warranty card system—already indicates to GE top management that if output was matched to the way the public buys, then fluctuating production could be smoothed out to a large extent. One part of the company has scheduled production for the past eight months on the results of warranty returns—and has leveled out manufacturing operations significantly.

As Johnson puts it: "We know pretty certainly that ranges and water heaters sell like salt, without regard for seasons. That's the way they ought to be made, too."

GE's two-year study ties in with the rapidly approaching completion of Appliance Park in Louisville, Ky. That multi-million-dollar investment for the production of all major appliances was designed to attack the same problem of uneven manufacturing and distribution. It enables GE to shift employees from one assembly line to another and to ship appliances in mixed carload lots direct to dealers (BW—Nov. 7 '53, p120).



## A "short cut" to new business in distant markets...

How can a Chicago printer compete in New York for new business? Simple. We have such a customer. At the close of each day all his New York salesmen bulk their sketches, dummies, everything needed for preparing proofs. Emery picks them up and delivers them to the Chicago plant at 9:00 the following morning. That night completed proofs are returned by Emery to the New York salesmen before they are ready to take to the street the next morning. Because of this "short cut" shuttle service, our customer can compete with his New York competitors on an equal footing in providing proofs.

Maybe you're not a printer, but whatever business you're in you'll find Emery

able to "short cut" your shipping problems. That's why Emery is a big factor in the sales, production and service plans of America's leading corporations. Emery provides the BIG-4 "musts" in moving goods—control, predictability, maximum speed, 24-hour service.

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**BUSINESSMEN** such as Carter Lines (left) and Arthur Skelton invaded the academic quiet to give Northwestern students (opposite page) an introduction to . . .



## The Hard World of Business: A B



### IN THE LOUNGE

Some prefer bridge, but others want to know more about business.



### AT MEALS

Not even exigencies of appetite can stop the flow of questions to businessmen-instructors.



### IN CLASS

Instruction is by case study. Thumbs-down sign indicates disagreement with an idea.



## A Briefing for College Men

(Story continues on p. 78)

The faculties of business schools often suspect that their students, bred on books, will have trouble when they graduate into the less orderly world of commerce and industry. For that reason, Northwestern University arranged a business course run by executives. In the classroom and in casual conversations (right) the executives introduced the students to some of the harsher realities a graduate must face.







## Progress at Whiting

*A Bi-Monthly Series by Stevens H. Hammond, Chairman of the Board*

Why doesn't materials handling get the full share of attention it ought to get from all managements? That's one of the questions asked by James R. Bright, author of a *Harvard Business Review* article titled: "New Potentials of Materials Handling."

Whiting has been in the materials handling field since the turn of the century. Its present line includes handling equipment for virtually every industry . . . its experience covers all types of handling problems. Thus we can certainly agree with Mr. Bright when he says:

"The handling of materials represents much if not most of the physical activity



A 75-Ton Whiting crane insures ever-readystrength for gate handling and control of power's source at an important hydro-electric development.

in any plant. From receiving yard to shipping dock, materials are unloaded, moved, stored for minutes, moved, stored for hours or days, and moved again into manufacturing. Thereafter they are moved from one process to the next, and so on for ten, twenty, or a hundred such processes, each followed by another movement and often by one or more temporary storages . . .

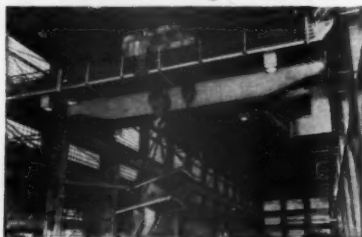
"So it goes in steel mills and dairies, in department stores and machine tool plants, in arsenals and tooth-paste factories. Handling materials is a big part, if not the major part, of the activity. It is big in man-hours absorbed and big in costs hidden in such things as inventory, space utilization, output per square foot of plant, and other such measures . . .

"Yet the average management has been comparatively indifferent to the problems of materials handling. It is only since World War II that the materials handling function has begun to get needed recognition; and while a few companies have made real progress and are reaping the benefits, and more companies have made a good start, there is still far to go."

Mr. Bright follows this up with a detailed analysis of many types of handling problems, well worth reading for every management man. His emphasis on the value of an early and complete approach to the basic handling problem is in line with Whiting's long-established policy. This is particularly true with reference to our overhead traveling cranes and Tram-beam monorail systems.

Overhead cranes are just a part of the complete line of Whiting handling equipment. Yet in this field alone Whiting covers a broad range of handling requirements . . . from continuous duty cranes for service in industrial plants working at capacity to cranes for standby service in erection and maintenance of steam and hydro-electric power plants.

An overhead crane is a major investment. It deserves management attention.



Typical of the Whiting Overhead Cranes serving industry is this installation for a leading steel mill.

It deserves the complete analysis that Whiting crane engineers are equipped to give . . . the experience they offer plus the advantages won by Whiting as a leader in crane improvements.

Handling is big business in every industry. Overhead cranes are in many instances the most important factor in the overall success of the handling system and its results in terms of production and profits. That's why we urge careful consideration of all your crane requirements when they are still in the planning stage . . . competent counsel from a Whiting crane engineer. Write us, if you prefer, for complete information on the newest in Whiting crane developments.

*Stevens H. Hammond*



**WHITING CORPORATION**  
HARVEY, ILLINOIS

**"... dealt with the early experience of college graduates in business . . ."**

**BRIEFING starts on p. 76**

Cooperation between colleges and corporations takes many forms. Many a businessman might add, "And they all cost me money." But executives who are close to the situation, and most educators, would agree that the corporation has a commodity besides money that a college faculty can use: the experienced management man.

The pictures on page 76 show how the management man fits in. They were taken at a five-day short course held in mid-September at Lake Forest Academy, outside Chicago. The students were 23 seniors from Northwestern University's Commerce School. The instructor-moderators were four business executives.

The course revolved around a series of case studies. Students read business case histories in advance, then discussed and analyzed them in open class session. The businessmen kept the ball rolling, fed in realities whenever they thought it necessary.

• **Adjustment**—All of the cases dealt with the early experience of college graduates in business. They were adjustment problems, not management problems such as those studied in advanced management courses. Some of them were prepared for Northwestern by first-line supervisors, who outlined actual experiences in company units made up of greenhorns fresh from the campus and old-timers with no advanced education.

The job of the moderators was to make sure discussions were realistic: to remind the students of the problems and responsibilities of the businessman in a fish-bowl economy.

• **Faculty**—Three of the executives came from corporations that gave the course its financial backing: Floyd Bules, a regional general manager of Pure Oil Co.; Carter Lines, treasurer of American Steel Foundries; Arthur Skelton, head of the accounts division of People Gas Light & Coke Co., of Chicago. The fourth was Warren Alpert, New York management consultant and an official of the Young Presidents' Organization, one of the course's sponsors.

The idea for the program came from Richard Donham, dean of Northwestern's commerce school, and his staff. It's a part of a look at current methods of teaching business in colleges. Northwestern has decided these methods simply don't fill the bill. Using the 23 students as a guinea pig, it aims to find out what's wrong.



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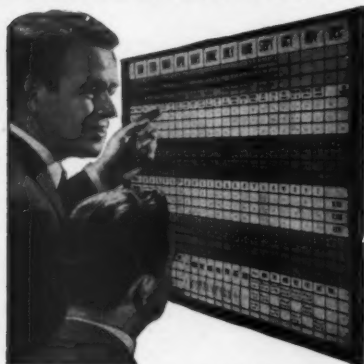


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## How to Ease the Tax Bite

Jersey Standard hopes for tax advantages in acquiring a larger share of Humble Oil holdings. Under the new tax law, Humble stockholders may get advantages, too.

Last week the Standard Oil Co. (N. J.) announced that it hopes to increase its stock holdings in the Humble Oil & Refining Co. from the present 72.4% of the outstanding shares to 80% or more.

It's one of the first examples of a big corporation taking advantage, on two counts, of the new federal tax law by a tactical move. Leo D. Welch, treasurer of Jersey Standard, says if the move works out as planned it should bring the company an additional \$4.5-million in net income.

At the same time, Humble stockholders may get a chance to make a paper profit by taking Jersey Standard shares for those of Humble, without having to pay a capital gains tax at the time of the exchange.

• **Shares for Exchange**—Here's how it will work:

Jersey Standard will file a registration statement with the Securities & Exchange Commission seeking authorization to offer 9,428,908 authorized but unissued common shares; 60,571,092 shares are already outstanding. If the registration becomes effective, Jersey will then make an offer to Humble stockholders to exchange their shares for Jersey's. The exchange ratio has not yet been officially set, but it will probably be nine shares of Jersey for 10 of Humble, with cash settlement for fractional shares.

The increase in after-tax income for Jersey Standard will be made possible by a section in the new tax law that allows a parent organization and a subsidiary corporation to consolidate their income tax returns if the parent owns at least 80% of the subsidiary's stock. Previously, the parent had to own 95% of the subsidiary's stock.

Jersey Standard already has such control over many of its subsidiaries. Last January, when the old law was still in effect, it increased its holdings from 93.86% to 95% in Creole Petroleum Corp., thus making it possible for Creole to be included in the parent's consolidated income tax return.

• **Benefits**—The advantage in such a return is this. Last year, filing a separate return, Humble paid its income tax at the regular corporate tax rate of 52%. Out of its net income it paid dividends totaling \$81,753,073. Jersey Standard, as 72.4% stockholder in Humble, received a \$59,358,000 dividend. Jersey, in turn, had to include 15% of this dividend in its income subject to fed-

eral taxes. It did the same with all the rest of its domestic subsidiaries in which it held less than 95% of the stock.

Jersey's total taxable income, of course, also included 100% of the income from all of its subsidiaries in which it held 95% control or more. It consolidated this income with the 15% from the less-than-95%-owned subsidiaries. On this total, it paid an income tax of 54% instead of 52%. The extra 2% is the penalty for filing a consolidated return.

• **Example**—If Humble had been 95%-held last year, Jersey Standard could have included its total income on the consolidated return. In that case, Jersey would have escaped the 54% tax on 15% of Humble's dividend (which amounts to what tax men call an "upstream dividend tax rate" of around 8.1% on the Humble dividend). There would have been, however, a 54% tax on all of Humble's taxable income, whereas Humble, filing an individual return, had to pay only at the 52% rates.

The extra tax would have been more than made up by elimination of the upstream dividend tax. The saving in earnings for this year would run about \$4.5-million.

Welch says the drop in the holdings requirement from 95% to 80% gave Jersey Standard the chance to go after enough Humble stock to bring about the saving. The 95% requirement apparently discouraged purchase of enough stock to make Humble a consolidated Jersey subsidiary for tax purposes.

• **Another Gain**—The second advantage of the plan is the benefit to Humble stockholders who decide to trade their shares to Jersey Standard. The parent's tax experts believe the new tax law will be so interpreted that any paper profits made by Humble stockholders by this exchange will not be taxable at the time of the exchange.

Previously, the tax situation would have worked against such stockholders. For example: Say a person bought Humble at \$50 a share. Last week, before the announcement, it was selling at around \$80. After the announcement it jumped to around \$85, while Jersey Standard sold for \$100. If the proposed 9-for-10 exchange had been made at that time, the Humble stockholders would have Jersey shares with a market value of \$90 for every \$50 he originally invested in Humble. Under the old law, even if he didn't liquidate, he

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Architects: Freeberg & Lindquist, A.I.A., Jamestown, N. Y.

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The owner of this building, Art Metal Construction Co., is one of the world's leading manufacturers of metal business furniture. They have pioneered the use of light-color finishes for office furniture because they reduce contrast and eyestrain. Art Metal wanted their building to be the last word in modern design; and the glass

blocks helped by allowing superior daylighting, high insulation value, and clean, functional appearance.

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would have had to pay a capital gains tax on the profit.

However, under the new law—if Jersey Standard experts are right—the Humble holder who exchanges his shares will not have to pay a capital gains tax at the time of the exchange. When he liquidates, of course, he'll pay a capital gains tax, based on the original \$50 purchase price.

This tax deferment wouldn't be effective unless Jersey Standard ended up with at least 80% of Humble's stock. That's why Jersey will say in its offer that the whole deal is off unless it gets 80% of the stock.

• **Over 80%**—Jersey officials are somewhat hesitant to say why they're willing to take shares beyond 80%. There is no apparent tax advantage once the 80% point has been passed.

One official does say that the company ran into a touchy situation in the Creole deal last winter, because it didn't accept any more shares after it had reached the 95% control it wanted. Several stockholders who wanted to exchange Creole shares for Jersey's were disappointed.

There could be another reason, however. Humble is known in the oil industry as Jersey's most free-roaming child. It's probable that Jersey's management, with this opportunity presenting itself, would like to tighten the reins. Another company official says, "Some feel a minority is always too big."

## MANAGEMENT BRIEFS

An atom-proof vault to protect records has been built by du Pont beneath one of its buildings in Newark, Del. The chamber contains 71,000 cu. ft., has 7,300 sq. ft. of floor space.

Harris-Seybold has made George S. Dively board chairman as well as president. Former Chmn. R. Verne Mitchell has relinquished a number of official duties because of ill health. He will continue as honorary chairman.

Chrysler division of Chrysler Corp. has split up its sales organization. Four divisions have been formed with headquarters in New York, Kansas City, Detroit, and San Francisco. The idea: Each division head will be able to concentrate the selling power of his group on any particular market within his territory.

First move of the new Olin Mathieson Chemical Corp. was to acquire "substantial interest" in the Hunter Engineering Co., Riverside (Calif.). It specializes in methods of fabricating nonferrous metals.



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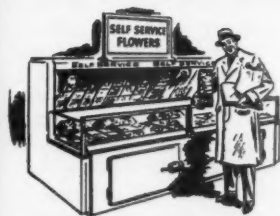
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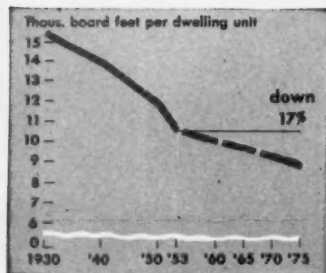
**AMERICAN VISCOSE CORPORATION**  
AVISCO YARNS AND FIBERS: SYLVANIA CELLOPHANE



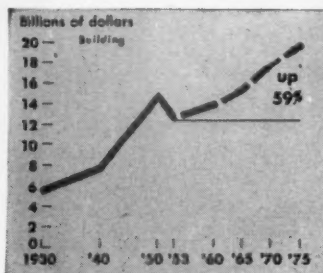
# COMMODITIES

## Here's what's ahead for Wood in the ne

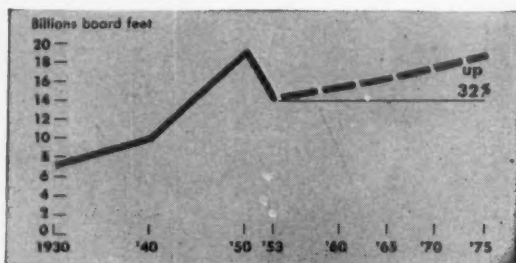
### Lumber



There's Less Lumber per House, So...



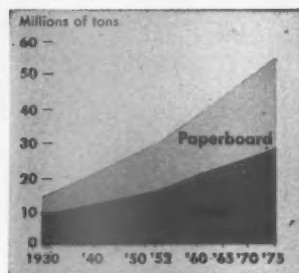
Even a Lot More Houses...



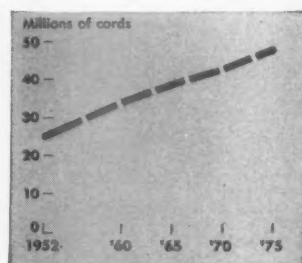
... Won't Help Lumber Too Much

Data: Stanford Research Institute

### Pulp



More Paper and Paperboard...



... Does Mean More Pulpwood

## Outlook for Wood Products: Fi

A little over a year ago, Weyerhaeuser Timber Co. commissioned Stanford Research Institute to study the forest products industries and project the probable demand for wood products through 1975. The much-heralded report (charts above) came out this week—and will undoubtedly be referred to, quoted, and argued over for years to come.

The report gives a picture of an industry where demand is dropping to the level of supply. Particularly in lumber, prices have risen as supply has shrunk—with the result that lumber has been losing markets to substitute materials.

The outlook for other major forest products—pulp and plywood—is not so grim, for less wood and inferior wood can still go a long way. Production of these items should rise, and markets should expand, too. Plywood prices will go up, but not so much as lum-

ber, while pulp and paper prices stay about even with those of competing materials.

• **Procedure**—To arrive at its estimates, the Stanford group first estimated the size of the total market in the important fields where wood is used—such as construction, or paper, or for shipping. Then it took a careful look at the competition for wood in these markets.

It focused on the probable price relationships of the various wood products, among themselves and with competing materials. As the report says, "The future level of forest products consumption in the United States will depend to a large extent on the prices of forest products in relation to the prices of competing materials. Estimates of future forest products consumption without regard to price are meaningless."

The Stanford study also considers the competition in terms of convenience,

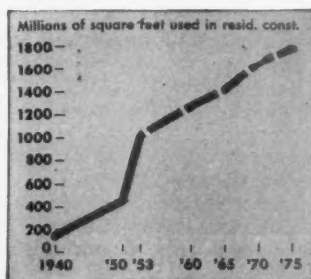
and of over-all cost (a competing material might be higher-priced initially, yet the lower labor cost of handling it might more than make up the difference). The study looks at such factors as the effect of electrification of farms and the popularity of oil and gas heat on the demand for fuelwood, and the effect of changing technology in the making of pulp on the demand for pulpwood.

• **Price**—On prices, here are some of the main findings:

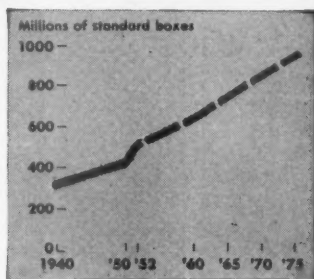
• Lumber prices will continue to go up faster than those of competing materials. The costs of stumpage (the trees as they stand in the forest) will keep increasing as the supply is reduced. Logging costs will go up as operations shift to more remote areas and rugged terrain. Manufacturing and distribution costs will probably also increase. As a result of higher prices, lumber will lose part of its markets.

the next 20 years

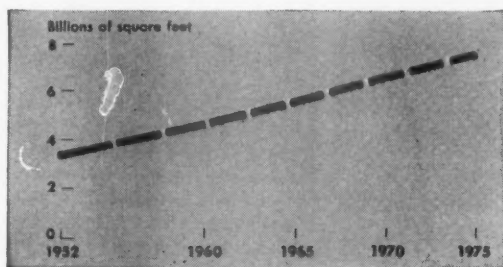
## Plywood



Let's More Plywood  
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And for More Boxes ...



... So Plywood Has a Big Future.

©BUSINESS WEEK

## Fight Against a Trend

- Plywood prices will also go up, but not so much as lumber, largely because plywood is a more flexible material—you can do more things to it to spread out the supply of wood. For example, substituting other materials for the face veneer means you can use lower quality wood for the inside; by better patching techniques and use of new kinds of wood you can broaden the supply base.

- Prices of pulpwood, pulp, paper, and paperboard will probably remain about the same in relation to competing materials, because of continuing technological developments in pulping and because of increasing use of mill waste.

- Demand—On uses, the study finds:
  - Production and use of pulp, paper and paperboard, plywood and veneer, and hardboard and insulating board should all continue to move up sharply through 1975.

- Lumber, on the other hand, has been losing out steadily to competing materials in construction, its most important market, and will probably continue to do so (chart).

The Stanford group worked out an ingenious method for figuring out the extent of lumber's loss to competing materials in residential construction:

First the group defined a "typical" house for each decade from 1920 through 1950 and for 1953, with estimates for future years. Then it figured out the maximum possible use of lumber in each such house.

Since 1920, the losses in the amount of lumber that could possibly be used were attributed to changing architecture—such things as the lopping off of porches or ornate outside trim, the shrinking of attics and basements.

Then the group figured the difference, in each year, between the maximum possible use of lumber for the

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"typical" house of that year and the actual use. The difference between these two figures represents lumber's loss to competing materials.

In 1953, lumber lost 48% of its maximum possible market to competing materials; by 1975, the group figures the loss will be 56%. However, not all of this is a net loss for wood. In 1953 about 12% of this loss went to other wood products, like plywood, hardboard, and insulating board; by 1975, these products will offset 15% of the loss to lumber.

• **Long View**—For the timber industry, the Stanford study provides the first nongovernment estimate of the long-range drain on raw materials.

The timber industry is vitally concerned with long-range planning. It takes 80 to 100 years to grow a tree to saw-timber size, 15 to 20 years to grow pulpwood. The days are largely gone when logging outfits moved in, stripped an area bare, and then moved on to the next stand of virgin timber. Today, big companies manage their forests with care, figuring out new growth, and replanting and reseeding as they cut. From this point of view, it's vitally important for them to have a good idea of what they'll need in the years to come.

• **Federal Studies**—Up to now, the main clue to future needs has been the periodic reviews made by the U.S. Forest Service, comparing timber resources with consumption. The last such review appeared in 1945; the next one is due in 1955. But the industry has been far from happy about these reviews.

Generally, the estimates of resources have later proved to be short. (According to talk in the trade, the 1955 estimate of supply may be 30% higher than in 1945—largely because of a new and more liberal definition of "commercial" timber.)

Making such an estimate is a tremendous job. It involves calculating how many board feet per acre are being grown per year in all the forest lands of the country.

Complete accuracy just isn't possible. However there are some in the industry who firmly believe that the estimates have been short as a matter of policy.

• **Federal Timber**—Most of the forestlands of the western states are owned by the federal government and are under the management of the Forest Service. By law, the Forest Service is charged with maintaining a sustained yield policy. It puts up blocks of federal timber for bids. Private operators bid on the timber and buy the right to cut the crop of standing timber. Title to the land remains in the government.

Many in the industry feel that the



# PATTERN FOR POWER

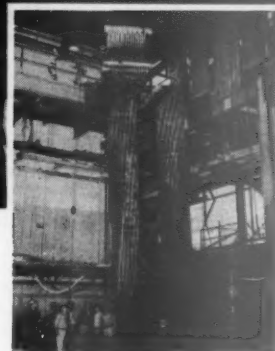
Photos by H. R. Towse

Forty-nine miles of tubing...formed into thirty-foot loops of steel...swooping down from a lofty perch a hundred and fifty feet in the air—superheating steam to a thousand degrees—that's a superheater, one of the principal components of a large modern power boiler.

The small portion of the superheater shown above is part of a huge C-E utility boiler, the total tubing of which would reach nearly from Philadelphia to Washington. When completed, this boiler will produce sufficient steam to drive a turbine-generator which, if used to supply domestic current only, would be capable of furnishing all the electricity needed by 680,000 average American homes...about 2,400,000 people.

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Farmers often use a homemade device like this, an ordinary level rigged with a mirror, to lay out contour lines. Ahead is a helper with a target rod, and the line is staked at 50- to 100-foot intervals.

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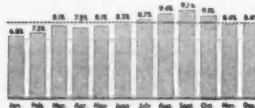
For methods that best suit his operations the Pennsylvania farmer depends on his home-edited farm paper—PENNSYLVANIA FARMER. That explains the overwhelming preference for PENNSYLVANIA FARMER, read by 4 out of 5 Pennsylvania farm families.

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government has been unduly close-fisted with this federal timber. They claim that a much larger than proportionate share of the nation's timber needs is coming from privately owned lands—and that this produces pressure to overcut private lands.

• **Utilization**—The Stanford report doesn't go into the question of over-all supply of timber. As far as consumption of end products is concerned, it's over-all forecasts come out about the same as those of the Forest Service. The big difference is in the estimate of the amount of wood that has to be cut to produce those end products. Here the Stanford total comes out about 20% less than the Forest Service, primarily because Stanford figures on better utilization of timber, particularly for the pulp mills. According to the Stanford report, use of sawmill waste that is chipped and delivered to pulp mills will probably increase six-fold by 1975; some 20% of pulp requirements will come from this source by that time.

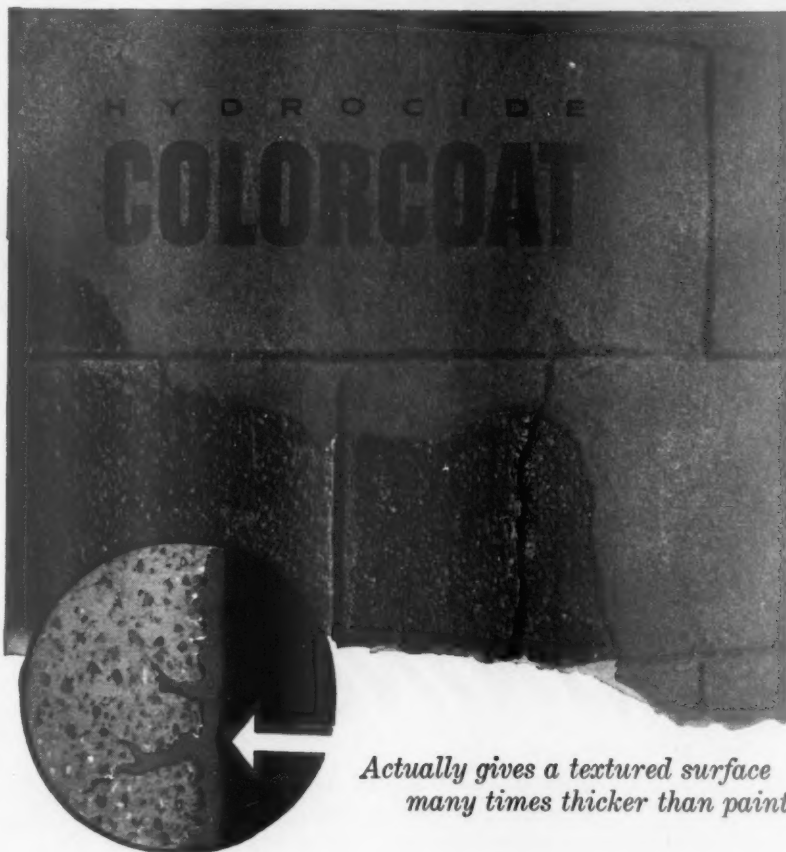
• **Saw Timber**—For a long time, worries about shortages have focused particularly on the big logs—those of saw-timber size. The 1952 report of the President's Materials Policy Commission (Paley Commission), for example, says "The nation's timber supply situation is critical chiefly because of the scarcity of saw timber."

The Stanford group figures on a much smaller demand by 1975 than does the Paley Commission. Partly this is because the Paley report figured that price relationships would stay about the same as in 1950, while the Stanford report includes the factor of rising price. Partly, too, it's because Stanford figures on a steep decline in the amount of lumber used per house.

Over-all, Paley estimates a 10% increase in the need for saw timber between 1950 and 1975; Stanford estimates a 3.4% increase between 1952 and 1975.

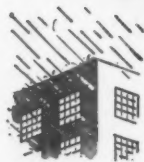
• **Skeleton**—Weyerhaeuser will use the report mainly as a skeleton, a framework to help the company in its job of long-range planning. Weyerhaeuser already has its management men studying the report; examining the sort of long-range questions that it can answer; using it as a starting point to find out things like how intensively reforestation should be carried on, where logging roads (a major item of expense) should be built, what the company's long-term financial position will be. Also, for a company like Weyerhaeuser, the different kinds of mills that use the wood have to be coordinated with the trees coming off the land. One thing the management group will have to decide is how much and what kinds of new plant will be justified if markets move the way the report indicates.

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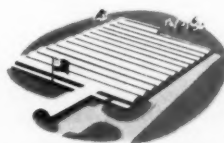
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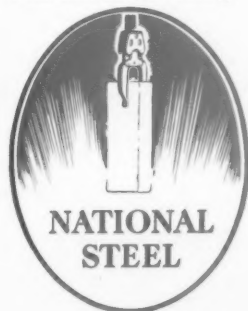
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## COMMODITIES BRIEFS

Meat will be produced at a record rate for the rest of this year. Cattle marketings are high, partly because of drought and poor pasture conditions. At the same time, the hog cycle is well past its low point; pork production will be some 15% ahead of last year.

Copper strikes in this country, combined with earlier strikes of Chilean workers, have created a very tight supply situation in refined metal. At midweek, domestic prices were still holding firm, although prices on the London Metal Exchange were moving up fast.

Price cuts for two of the major synthetic vitamins—thiamine hydrochloride (vitamin B1) and ascorbic acid (vitamin C)—were announced last week. Reductions averaged about 25%. Both vitamins are widely used drug items, and thiamine hydrochloride also has a market in the baking industry. They are getting stiff competition from imports—thiamine hydrochloride from Japan, and ascorbic acid from Germany.

Domestic sugar prices last week hit a new low for the year, still without any noticeable pickup in demand from refiners. Sugar prices turned wobbly last March when the government announced a 200,000-ton increase in the quota for the year; the current downward trend dates from mid-August.

Consumption of new rubber in August totaled 78,000 tons—compared with 103,000 tons a year earlier. For the eight months ended in August, consumption was 17% behind a year ago. However, the ratio of natural rubber to the total has gone up substantially; through August, it stood at 47.7% of total rubber consumption, compared with 40% for the same period last year.

Steel scrap prices reached a new high for the year last week, according to Iron Age, but the composite price is still about 15% below a year ago.

Domestic oil producers protested the action of the General Services Administration in specifically exempting petroleum products from the benefits of the "Buy America" act. Last week, GSA backed down from its position; henceforth only products from East Coast refineries will be exempt. Products sold to the government from other parts of the country must now be refined "substantially" from domestic crude.

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1942

It got its start as a synthetic rubber. World War II planes used it to protect their gas tanks from enemy bullets. The rubber tank would seal itself tight after it was punctured.

1947

After the War, it became a promising entry in the booming field of synthetic fibers. Some said it would find a place alongside nylon.

Now

It spots a brand-new market. By treating cotton with acrylonitrile, you get a fabric that is strong, easy to dye, and resistant to rot.

200—

150—

100—

50—

0—

1939

1944

1949

1954

1956

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## Cotton Tries Marriage With Old Foe

Next week in Rossville, Ga., that surging new chemical, acrylonitrile, will try to make friends with one of its bitterest enemies—cotton. Cotton will think twice before it clutches the outstretched olive branch; up to now, acrylonitrile has been a dirty word in the cotton industry as the father of the synthetic fibers Orlon, Acrilan, and Dynel. Still, the meeting in Rossville may wipe away some of the bitterness. It could prove to be one of the happiest get-togethers that either camp ever attended.

Rossville is a cotton textile town. Standard-Coosa Thatcher Co., one of the biggest U. S. producers of cotton textiles, has a mill there. It is in that mill, which will swing open for a public showing, that cotton and synthetic are trying to get to be friends.

Starting next week, the mill will produce an entirely new family of fibers. Basically, they will be cotton. But in the mill, they will go through a new process—called cyanoethylation—that will give them properties that no cotton fibers have today.

• **The Virtues**—The new fibers will be able to resist mildew and bacteria. You can bury them for weeks and they won't disintegrate—as ordinary cotton would. To the armed forces, this resistant quality could mean tents and tarpaulins that will not rot.

Improved resistance to acids is another quality of the new fibers. This could be important for work clothing, and in countless industrial applications. At the same time, the new fibers will

be more resistant to heat, both wet and dry. This means that such products as ironing board covers and house awnings will last longer when they are woven of the new cotton.

Cyanoethylated cotton is more receptive to dyeing. Tests indicate that the new fibers don't require such a high concentration of dyestuff in the bath as ordinary cotton does.

As another plus, the new fibers are more resistant to abrasion and stretch than ordinary cotton fibers are, which means that they will last longer.

• **Further Tests**—Right now, it is too early to know exactly what these new properties will do to the cotton industry. In applications such as those mentioned above, the new fibers seem a sure bet to take over, because they will cost little higher than ordinary cotton. Indeed, it is possible that there will be no cost difference.

What the final limits will be for cyanoethylated cotton won't appear until after some further testing. That's one of the reasons for the new setup at Standard-Coosa Thatcher.

From that plant, some 20,000 lb. of cyanoethylated cotton will pour out over the next few months. All of it will go to mills in the industry for testing. Some plants will use it to make fabrics for tents, others for lawn chairs, sewing threads, airplane wing fabrics, or electrical insulating yarn. In a year, maybe longer, the industry should have a good idea of what the new fiber can do, what it can't do.

• **Research**—The spark behind the

whole idea has been the Institute of Textile Technology, Charlottesville, Va. The institute acts as a research laboratory for companies in the textile industry. One of its modern-day functions is to find new techniques that will strengthen the position of cotton against the threatening synthetics.

About five years ago, the institute's technical director, Jack Compton, heard about acrylonitrile. He wondered whether the synthetic that was hurting the cotton industry so much could not be turned around to do it some good.

He got American Cyanamid Co. interested in working with him on the idea. Cyanamid put its Stamford (Conn.) laboratories to work on it, gave Compton and the institute some capital to work with. The result, some four years later, was the new process that will show off in Rossville next week. Cyanamid's subsidiary—Chemical Construction Corp.—designed, built, and installed the equipment that will be shown in that mill.

• **Others**—Cyanamid is not the only big chemical producer interested in the institute's problem. For the last year, Monsanto Chemical Co. has been helping out.

Monsanto's big new plant at Texas City, Tex., is winding up some studies with acrylonitrile and cotton. Soon, Monsanto will produce some processed cotton fabric at Texas City. Then it will evaluate it, in cooperation with the institute and with Fulton Bag and Cotton Mills, Atlanta, Ga. Monsanto

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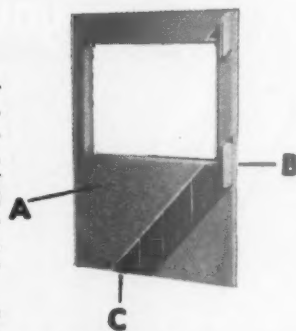
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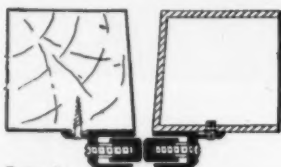
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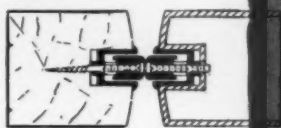
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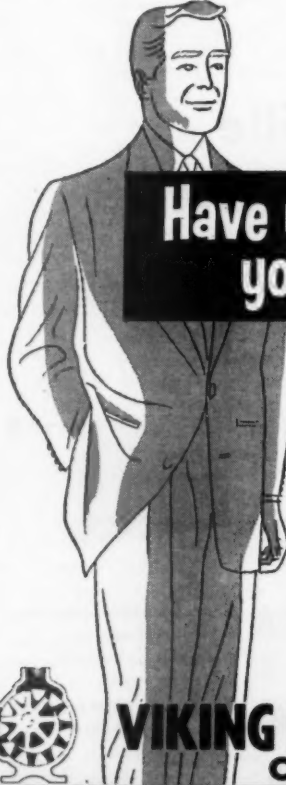
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THE ORIGINAL "GEAR-WITHIN-A-GEAR" ROTARY PUMP

is concentrating on fabric treating rather than on a method of treating the fiber.

Carbide & Carbon Chemicals Co. is the third big producer of acrylonitrile in the U. S. So far, it hasn't shown much interest in developing a process for the cotton industry. At least, it hasn't said anything publicly about such a development.

• **The Whys of It**—Why worry about cotton when acrylonitrile is doing so well? A good question when you look at the new chemical's upswinging production curve—from about 40-million lb. two years ago to at least four times that next year.

Cyanamid and Monsanto say the question shows little foresight. They point to a vastly bigger figure: the pounds of cotton being produced in the U.S. each year. This year, the cotton industry, despite the synthetics, will produce over 6-billion lb., or some 12-million bales.

If just one pound in 10 of this cotton were treated with acrylonitrile, not a terribly far-fetched assumption, the market for acrylonitrile would increase by another 50-million to 60-million lb. That won't happen right away, of course, but there is a strong possibility of its happening within the next few years—provided the processes that have been developed prove out in long production runs.

The real strength of the processes is the fact that the addition of acrylonitrile to cotton won't add an excessive cost factor. Ordinary cotton yarn sells for 60¢ to 80¢ per lb. Acrylonitrile sells for 31¢ per lb. Addition of acrylonitrile—which adds weight to the cotton—adds nothing to the selling price except the cost of the process itself.

• **How the Process Works**—When acrylonitrile and cotton come together, a chemical reaction takes place. So this process, unlike older cotton processing methods, does more than give each fiber a new coat of synthetic.

Rather, the acrylonitrile actually changes the molecular structure of the cotton. After the treatment, the cotton contains about 87% cellulose (cotton) and 13% acrylonitrile.

The cotton goes through five steps in the process. First, it is fed into a caustic bath, which swells the fiber slightly, sets it up for its reaction with the acrylonitrile.

Then the caustic is drained off, and the cotton is taken out of the tub and centrifuged to get rid of some more of the caustic. Next, it is soaked in an acrylonitrile bath for about an hour at 135F. Then the acrylonitrile is drained off, and the cotton is washed. After drying, it is ready for the mill.

• **Specialists**—It is unlikely that many cotton mills will want to get into the processing business. Instead, they will



leave that step in the hands of such specialists as Standard-Coosa Thatcher.

For one thing, it will be cheaper for them to buy their treated cotton from someone who specializes in the treating process. For another, the process itself can be a little tricky, because acrylonitrile is toxic.

It has never been a problem to the companies that have produced it over the years, but it could be troublesome to a small company that wants to use just a little of it from time to time. Neither Cyanamid nor Monsanto wants to get into the cotton treating business, either, although their developments with acrylonitrile could give them a good starting point.

Rather, Cyanamid, Monsanto—and Carbide & Carbon—are more likely to go on looking for new ways to use acrylonitrile. Judging from the chemical's brief history, all three should be able to come up with enough new uses to keep production moving at a good clip.

• **Expansion**—In the past three years, these companies have spent some \$100-million to expand producing facilities for acrylonitrile. The biggest chunk of that expansion took shape in June, when Cyanamid opened a new plant near New Orleans.

That plant alone doubled the U. S. productive capacity for the chemical to 200-million lb. a year, and jumped Cyanamid from a 30-million-lb.-per-year producer—at its Warners (N. J.) plant—to 130-million lb. All three companies had been bunched together since 1952: Monsanto's Texas City plant could produce 35-million lb. per year; Carbide & Carbon's plant at Institute, W. Va., had the same capacity.

When you look at the new things that acrylonitrile has been able to do in the past 12 years, and talk to producers about its ability to do still more, you begin to understand why industry is spending such sums for new plants.

• **Selfsealing Tanks**—Take acrylonitrile's role in World War II—the first real chance the chemical had to show what it could do. The government used it in a rubber-like form—acrylonitrile rubber—to line aircraft gas tanks. It was the only synthetic that would stand up in a plane's high-octane fuel tank. Its greatest beauty was its ability to seal up almost instantaneously when the tank was punctured by bullets.

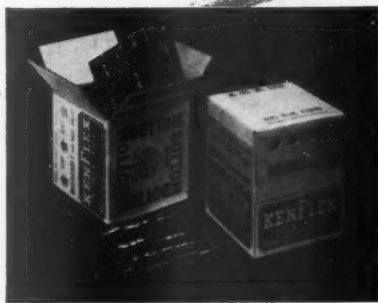
After the war, acrylonitrile had to find new markets. But—for acrylonitrile—that was easy: Acrylic fibers. Along came Orlon and Acrilan—offspring of acrylonitrile—for such products as dresses, sweaters, underwear.

It was also found that acrylonitrile rubber could work with the phenolic resins. The rubber-phenolic blend had the toughness and flexibility of rubber, plus the high tensile strength and good



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- Tell the Savings Bond Division, U.S. Treasury Department, Washington, D.C., you want to conduct a person-to-person canvass, they will show

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- Over your signature tell your men and women you are 100% behind the Payroll Savings Plan because it enables them to build personal security . . . it is a check on inflation and helps to stabilize the dollar . . . it has set up a reservoir of reserve purchasing power—over \$37.5 billion—the cash value of Savings Bonds held by individuals at the end of July, 1954. The greatest reserve of purchasing power this or any other country has ever had.

Your phone call, telegram or letter to Savings Bond Division, U.S. Treasury Department, Washington 25, D.C., will bring prompt co-operation from your State Savings Bond Director. Act today.

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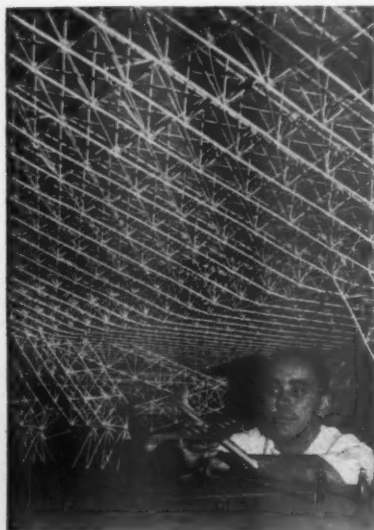
surface hardness of the phenolic resin.

Acrylonitrile even had a hand in the development of the new soil conditioners. When Monsanto introduced Kriium, a couple of years ago, it was an acrylonitrile-derived product. Later, Monsanto switched away from acrylonitrile in Kriium production.

• **Hydrogen Atom**—For the future, there seems to be limitless possibilities for reshaping old, familiar products in the same way that cyanoethylation has reshaped cotton. Cyanamid says that almost any compound that contains an active hydrogen atom is fair game. That opens the possibilities to such products as paper, leather, starch, proteins, and plastics.

Even some of the synthetics themselves can be improved by a reaction with acrylonitrile. A modified acrylonitrile resin gives nylon a slippery protective coating, makes it easier to weave and harder to damage during the weaving process.

• **A Good Supply**—Because acrylonitrile is a petrochemical, there seems little danger of its basic raw materials running short—even though production is soaring. And in the past year, its price has dropped—from 43¢ per lb. in mid-1953, to its current 31¢ tag.

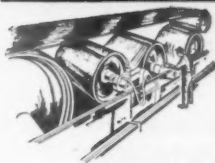


## Bombs Are No Problem

The unusual structure above is a scale model of a new type of dismantable hangar previewed recently at the Institute of Design of the Illinois Institute of Technology. The proposed structure, designed for the Air Force, would accommodate six B-36 bombers. It's put together of prefabricated parts that fold up like an accordion for shipment. Its construction makes it practically immune to bomb damage. Bombing the hangar is like poking a hole in a spider web.

BUSINESS WEEK • Oct. 2, 1954

## HOUGHTON 1001 Products to improve processing



## NEEDED: 310 Steers to Make A Million-Plus Tons of Steel!

Here's a pair of belts seldom exceeded in size and pulling power: two skelp mill drive leather belts for a steel mill, 106' and 94' long, 60 inches wide and three-ply,  $\frac{3}{16}$ " thick.

So large that 310 steers, raised in the Franco-Swiss mountains where cattle grow thick, tough hides, had to be slaughtered to provide the leather.

And so strong that they will produce—as VIM belts have been doing for years—well in excess of one million tons of steel. They're sold on the basis of lower cost per ton of steel.

Chances are you'll never need a belt anywhere near that size. But in the Houghton line you will find scores of other researched items that can serve your needs equally well—lubricants, rust preventives, quenching and cutting oils, surface active agents, packings. They are listed in our Product Index folder; write for it. E. F. Houghton & Co., 303 W. Lehigh Avenue, Philadelphia 33, Pa.

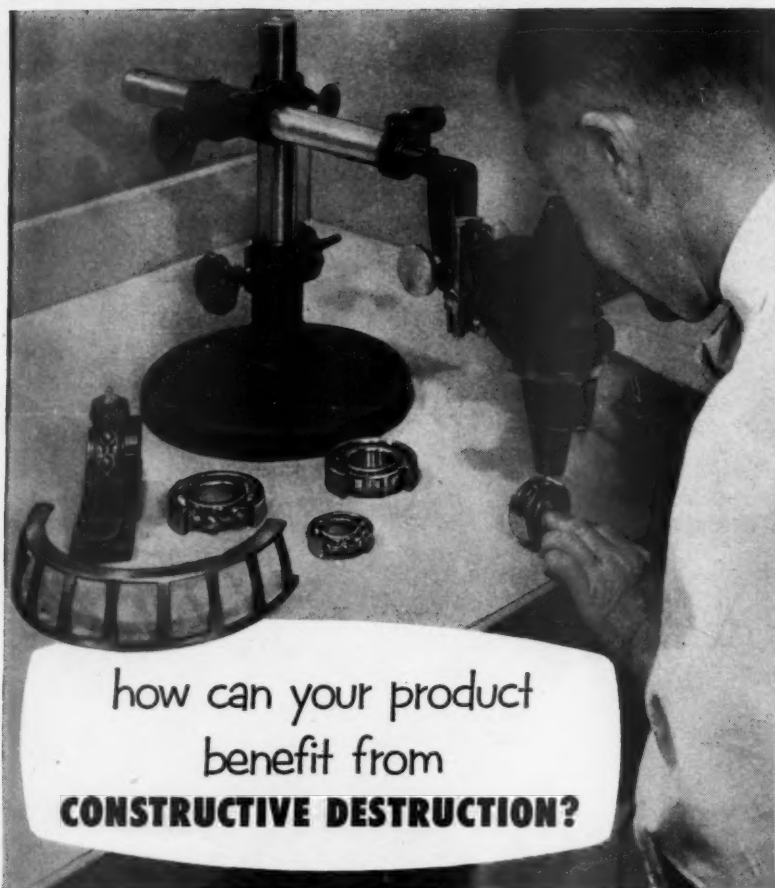
**E F HOUGHTON & CO.**  
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Ready to give you  
on-the-job service...



Metalworking and Textile Processing Products • Lubricants • Packings • Leather Belting



how can your product  
benefit from  
**CONSTRUCTIVE DESTRUCTION?**

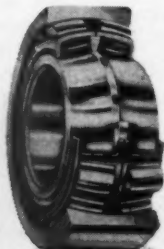
These bearings didn't fail in service. They were deliberately run to destruction or purposely dissected in the **SKF** Research Laboratory to prevent failures in service.

Every day a large staff of **SKF** technicians, using the most up-to-date instruments and equipment, are searching for better steels, better heat treatment, better means of lubrication. They check production runs at random for dimensional accuracy, quiet running, length of life. They are using their bearing design knowledge to help *other* manufacturers improve the design of *their* products. They are helping **SKF** improve its own production methods and machines.

So **SKF**'s constructive destruction works for you—helping make your product better, lower in cost, easier to sell, through the science of anti-friction.

7503

**SKF** INDUSTRIES, INC., PHILADELPHIA 32, PA.  
manufacturers of **SKF** and HESS-BRIGHT® bearings.



## PRODUCTION BRIEFS

Ocean water distillation will be used industrially for the first time by Pacific Gas & Electric Co. at its \$44-million power plant, now under construction at Morro Bay, Calif.

Largest asbestos mill in the world opened this week in Asbestos, Quebec. Johns-Manville Corp. will operate it. More than one-third of the free world's supply of asbestos fiber will be produced there.

Steel expansion: U. S. Steel Corp. will spend between \$4-million and \$5-million to expand its Homestead Works, Pittsburgh.

Largest truck purchase on record was announced last week by Railway Express Agency, Inc., New York. It is buying 3,000 specially designed new 1½-ton pickup and delivery trucks—worth \$9.5-million—from four major producers: 1,000 Dodge trucks from the Fargo Motor Div. of Chrysler Corp., 1,000 from General Motors Corp., 500 from Ford Motor Co., and 500 from International Harvester Co.



### Blanket Protection

Self-feeding fires, the kind that are helped along by drippings from melted roofing materials, have been a matter of serious study throughout industry, particularly since the big GM fire at Livonia. Here's one approach: the roof of Ford's new engine plant at Brookpark, Ohio, gets a treatment to retard fire. A blanket of Goodrich Koroseal plastic film is laid on the bare steel deck and topped with fibrous glass insulation and two layers of roofing felt. It's designed to keep the roofing materials from dripping through.





## NO SCREWS LOOSE HERE !

Put screws and nuts in bags made of film produced from **BAKELITE** Polyethylene. Strong. Easily sealed. Keep moisture away. Attractive. "See-what-you-buy" appeal. Easy to stock, display and inventory.

Quite a material—**BAKELITE** Polyethylene. All sorts of uses . . . in just about every industry you can think of. Manufacturers employ polyethylene for film, moldings, extrusions, castings, coatings, laminations. Better look into it. Could be just the material to get a new product winging.

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CHARLES A. DANA, left, and Dana Corp. engineers show off their new Synchro-Verter automatic transmission for trucks. Dana goes after automotive business with a . . .

## Specialist's Strategy

This week in Toledo, a blue-book list of auto makers are guests of Spicer Mfg. Div. of Dana Corp. at a 50th Anniversary open house. It isn't a coincidence that Charles A. Dana (cover and above), chairman and chief executive officer of the company, has one of his new Synchro-Verter Drives on hand for the ceremonies. This new automatic transmission for trucks has been nursed along for formal announcement this fall.

Introduction of the Synchro-Verter is one move in a carefully thought-out strategy for dealing with the problem that has been keeping auto parts suppliers awake nights: What can a company do when all the markets to which it sells its wares shrink noticeably in just one year—and some even dry up like a desert stream?

According to Dana, when the size of the pie is reduced, the only way to help yourself is to fight for a bigger slice. The tactics break down into three parts: (1) develop a highly specialized product, (2) produce it more cheaply than anybody else, and (3) sell it to the companies who have the

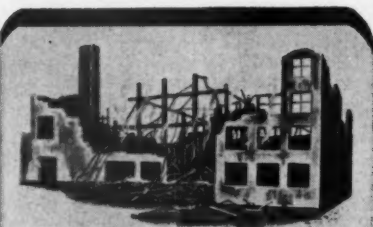
best prospects for future business. Dana has been winning with this combination for a good many years.

### I. Integration

The third point is especially important today in the auto parts industry. Not only do you have to make and sell a good product, you also have to bet on the winning customer. To make it more complicated, your customers are also your biggest competitors. And this competition intensifies when the market is tight.

• **Shrunk Market**—Statistics show that the market is definitely smaller. Latest estimates from Detroit indicate that about 5.3-million cars and just under 1-million trucks and buses will be produced this year. For cars, 1954 will be only the third best year in history—13.6% behind 1953 and 20.6% behind the peak year 1950. For trucks and buses it will be the poorest year since 1946. Put the figures together and you have a total that's sixth best.

The reasons behind the drops are significant. Early this year, new cars



## After the fire...



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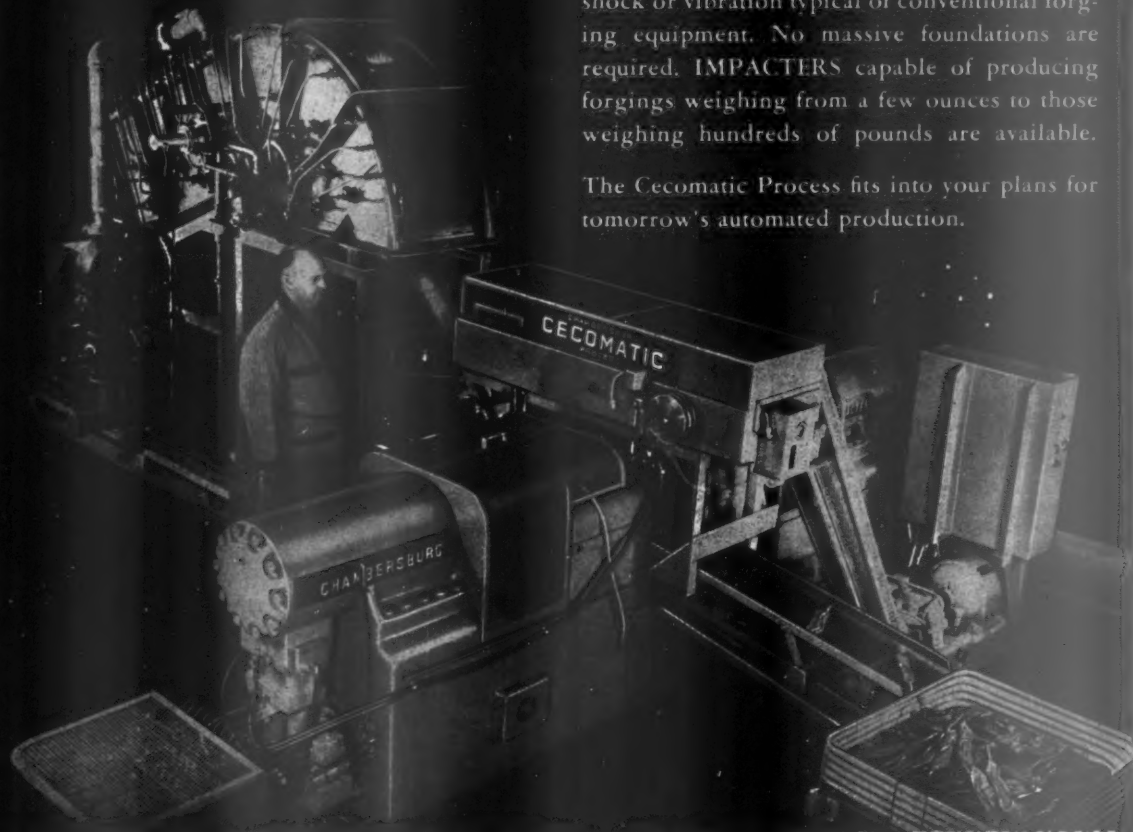
# THE DEVELOPMENT OF THE IMPACTER REPRESENTS A RADICALLY NEW CONCEPT OF THE FORGING PROCESS, WHICH, FOR THE FIRST TIME IN HISTORY, WILL MAKE AUTOMATION POSSIBLE IN THE FORGE SHOP AND FORGING POSSIBLE IN THE PRODUCTION LINE —from "METALWORKING TOMORROW"

**F**OR the first time in industrial history the automatic mass production of die forgings is now possible. Embodying the basic operation common to the forge shop, the Cecomatic Process unites them into a continuous, self-regulating forging process free from manual skills. Material flows from operation to operation and is converted from stock lengths to completed forging without being touched or handled by human hands. Yet, the process af-

fords sufficient flexibility to permit a variety of similar forgings to be made in the same installation with no extraordinary changes in tooling.

Basic to the process is the Chambersburg IMPACTER, a radically new, revolutionary type of hammer. It uses the high-velocity impact of horizontally opposed rams to strike the forging stock simultaneously from both sides. Energy is almost completely absorbed in the forging and the impellers of the machine itself. There is no shock or vibration typical of conventional forging equipment. No massive foundations are required. IMPACTERS capable of producing forgings weighing from a few ounces to those weighing hundreds of pounds are available.

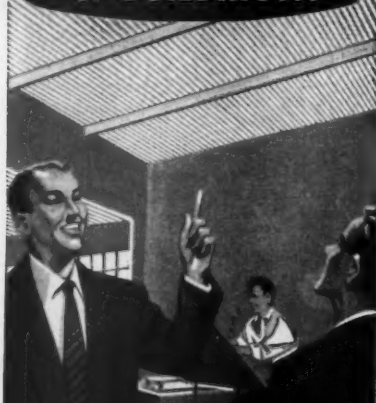
The Cecomatic Process fits into your plans for tomorrow's automated production.



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**"... the industry will be  
three years in crossing the  
valley of overproduction..."**

**STORY starts on p. 104**

and trucks were at their highest levels in history. The cutback in production was necessary to allow the economy to digest the oversupply. The laws of supply and demand had been out of balance for a long while, first because of World War II, then the boom of pent-up civilian demand, then the Korean War.

Under the impetus of these demands, the business of both the auto assemblers and parts' suppliers boomed. Plants were expanded. Overtime was the order of the day. Wages increased, prices went up. An adjustment was long overdue.

• **Future**—Whether or not the balance has been regained this year is the subject of much debate. Everyone is convinced that auto production will level off on a plateau higher than before the war. Then it will begin to rise along with the expected increase in population, improvement in roads, and development of more advanced vehicles. But the question is how soon this rise will come. John E. Martin, new president of Dana Corp., predicts that the industry will be three years in crossing the valley of overproduction.

This is the point at which the element of chance comes into the picture. At the same time the pie has been shrinking, it has been split much differently. This year, General Motors Corp. and Ford Motor Co. will take 82.9% of the passenger-car business. That leaves 12.8% for Chrysler and 4.3% for all the independents.

• **Sales Problem**—While General Motors buys substantial amounts of parts from specialists, it also produces a lot of components itself. Even when it buys outside, it often demands "shop rights" so that it can produce the parts for itself, assuring a second source of supply in case of strikes. Ford buys a larger percentage outside, but it has been tending toward integration along much the same lines as GM. Chrysler and the Little Three have relied much more heavily upon outside parts suppliers.

The companies that rely on Chrysler and the independents for the major share of their business have suffered this year. Companies, such as Dana, that have been able to supply a part or parts to GM or Ford are getting their wares into an increasing percentage of the cars on the road.

This makes a problem for parts makers: They must produce quality at low cost. A maker might be able to

fall down on a given unit for a small company that couldn't afford to build a \$15-million plant to make its own. But if GM or Ford is dissatisfied, it can—and will—move into the business itself.

## II. Specialization

The new Synchro-Verter is a good example of how Dana has met the problem. The new automatic transmission is a combination of two Dana specialties: a synchronized mechanical transmission (which the company has made for 30 years) and a hydraulic torque converter (which the company has made for the last 12 years).

Truck transmissions is a field in which Dana is strong. It's a field in which Dana's major competitor, Borg-Warner Corp. (BW—Jul. 18 '53, p. 152), is also strong. But its a field in which the truck builders themselves are relatively weak.

• **Development**—A crew of young engineers at Dana, led by E. J. Barth, A. H. Deimel, and E. W. Zingsheim (picture), spent three years redesigning and retooling to make the new Synchro-Verter. A small pre-production run has already been put through, and production designs are now complete. The company expects to hit volume before the middle of next year. Dana is hoping that the new transmission may be just what the big boys are looking for to liven up the sagging truck market (BW—Sep. 18 '54, p. 95).

A few samples of the Synchro-Verter have been in the hands of fleet operators for the last year. Several have been driven 50,000 to 60,000 miles.

• **Selling Points**—The big selling point for the Synchro-Verter will be better average speed—not greater top speed. The combination of converter and synchronized transmission enables the vehicle to accelerate through the low-speed range to a speed where easy shifts can be made with the small-stepped ratios.

The converter is used whenever it has a decided advantage, such as starting, accelerating, maneuvering, creeping. The transmission locks into direct drive for higher speeds and long hard pulls. It insures that the truck is in the most efficient speed at all times, which means better gas mileage. By reducing shock loads, it increases the life of parts, reduces maintenance.

There's a safety angle, too. By reducing shifting to a minimum, a lot of the strain is taken off the truck driver. He has more time to concentrate on the road. In addition, a very substantial increase in braking can be obtained by taking advantage of the converter's hydraulic system.

• **Specializing**—The highly specialized engineering required for turning out the



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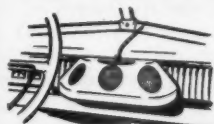
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FASTEST THING IN FASTENINGS®



## SPEED NUTS turn up speaker "volume" with 51% time saving!



Heavy demand for the new Ezell Stereophonic Sound Speaker made it necessary for the Lone Star Plastics Company, Inc., Fort Worth, to find production short cuts. Produced for the Bishop-Green Manufacturing Company, Dallas, this in-a-car speaker for drive-in theatres was assembled with 15 SPEED NUT brand fasteners. The result: faster, easier assembly with savings of 51% in time, 34% in material costs!

Push-On type SPEED NUTS are used in the installation of the three speakers, handle and hanger wire. These one-piece fasteners eliminate costly threaded parts, are self-locking to provide a bite-lock on smoothest, hardest surfaces. Tubular type SPEED CLIPS fasten the speaker case to its base. They snap in place by hand, are self-retained in stud-receiving position.

Chances are similar SPEED NUT savings can be made in your own product assemblies. Call your Tinnerman representative for complete details!



PUSH-ON  
SPEED NUT



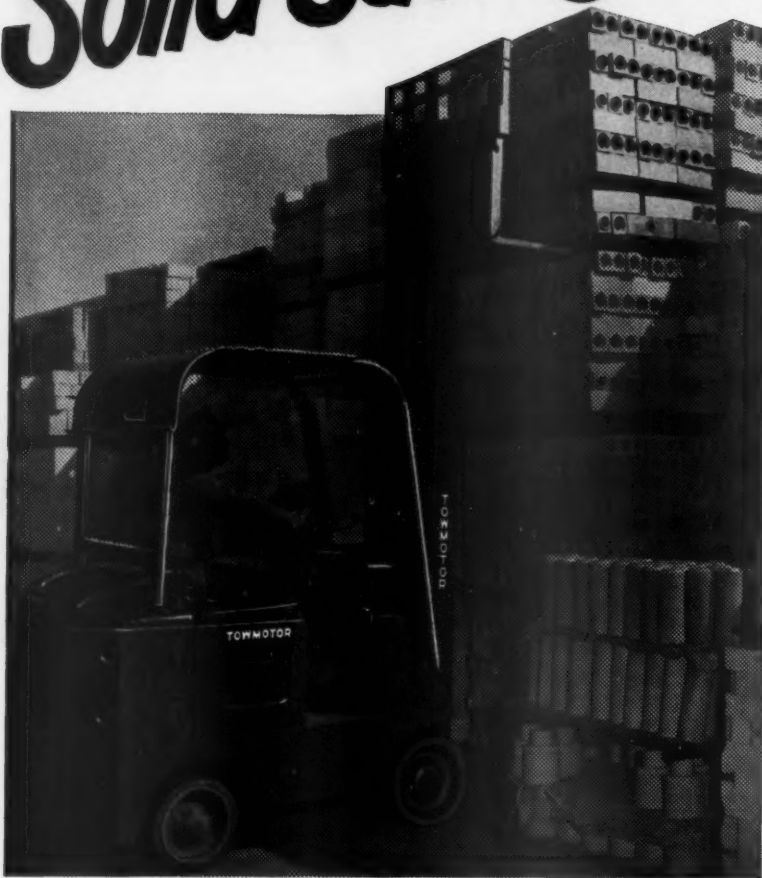
TUBULAR  
SPEED CLIP

The use of SPEED NUT brand fasteners results in substantial savings in assembly time, cost of materials, and materials handling. For example, SPEED NUTS eliminate costly threaded inserts, make faster, easier attachments in blind locations and permit greater design flexibility. A complete range of types and sizes available.

Send for your copy of SPEED NUT "Savings Stories," and descriptive literature on the above fasteners. TINNERMAN PRODUCTS, INC., Box 6688, Dept. 12, Cleveland 1, Ohio. In Canada: Dominion Fasteners Ltd., Hamilton, Ontario. In Great Britain: Simmonds Aerocessories, Ltd., Treforest, Wales. In France: Aerocessaires Simmonds, S.A.—7 rue Henri Barbusse, Levallois (Seine).



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Higher outside stacking was made possible with a Towmotor Model 460

Handling brick and tile was a costly, time-consuming job for a leading producer of clay products. Now, with Towmotor **Mass Handling**, every pallet of brick moved means a solid saving!

It's an idea for you to consider. Find out how Towmotor **MH** can help solve the costly production, storage, shipping and receiving problems in your plant. Write for booklet, "How To Catch Man-Hour Thieves." TOWMOTOR CORPORATION, Div. 210, 1226 East 152nd Street, Cleveland 10, Ohio.



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SINCE 1919

TOWMOTOR ENGINEERED FOR QUALITY PERFORMANCE

*"... a system that was to free the automobile from chain-drive handicaps ..."*

STORY starts on p. 100

Synchro-Verter is the chief stock-in-trade of any parts' supplier. By specializing in one complicated item, a parts' supplier is able to spread outlays for research and tools and dies over several contracts.

In the early days of the auto industry, there was a fierce competitive struggle for growth and survival. Companies tried to do everything themselves, but the specialists proved it was cheaper to buy outside.

Dana's specialty is power transmission. It all started in 1902, when the steam engine was at the zenith of its popularity. At that time, it was standard practice to hang the engine from the frame and to transmit power to the rear axle by means of sprockets and a chain. The chains were noisy—unbearably so at high speeds. They were unsightly, difficult to lubricate, and subject to breakage any time you picked up a stone on the dirt roads of that era.

Clarence W. Spicer, while still a student at Cornell, designed a new type of transmission system that was to free the automobile from chain-drive handicaps. He designed a propeller-shaft drive and an enclosed universal joint. From these drawings, he built an experimental car and received a patent for his universal joint in 1903. In 1904 he left college to set up shop manufacturing universal joints in Plainfield, N. J. By 1908, the Spicer Universal Joint—advertised widely as "A Swell Joint"—was getting more business than it could handle.

• **Dana Comes In**—In 1914, Charles A. Dana, a young (33-year-old) New York attorney who had served three terms in the state legislature, became interested in the company through family banking connections. On the advice of Charles W. Nash (then president of Buick Motor Car Co. and later organizer of Nash Motors Co.), Dana decided to invest in the company. In 1916 he reorganized its corporate structure and became president of Spicer Mfg. Corp. He served in that office until December, 1948, when he became chairman of the board.

In 1946, the name of the company was changed to Dana Corp. in recognition of his contributions. Under Dana's management, the company had been diversifying, and it continued to do so. It has picked up a series of companies that also produced highly specialized auto components: Salisbury Axle Co., Parish Mfg. Co. (truck and auto frames). Brown-Lipe Gear Co., General Drop Forge Corp., Atlas Drop Forge

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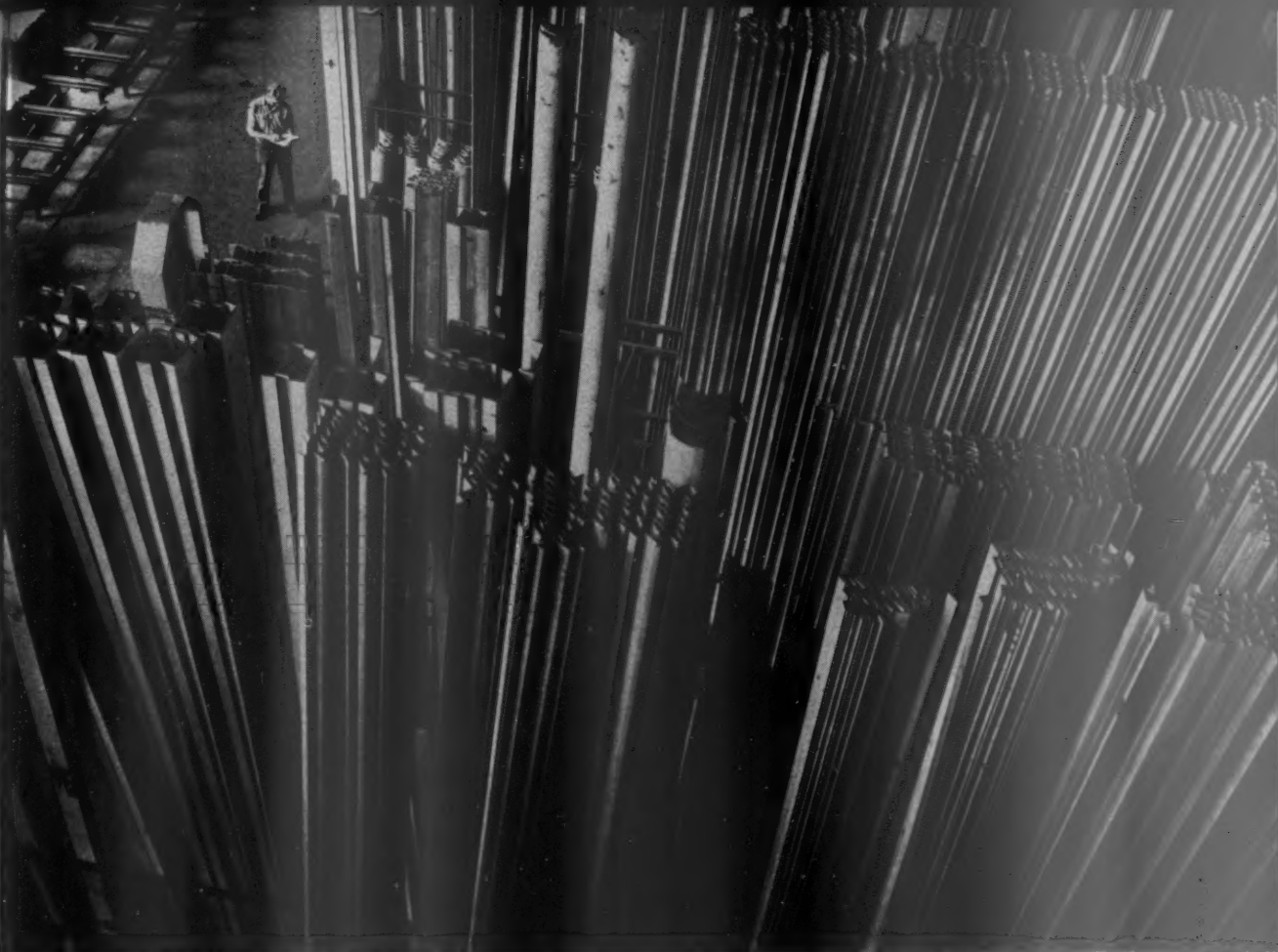
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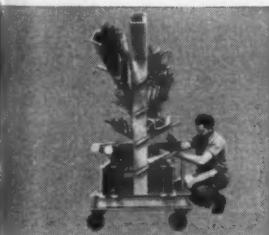


*Magnesium extruded shapes ready for immediate shipment.*

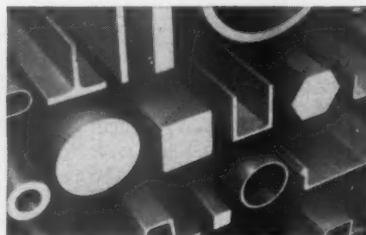
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Designers and cost-conscious production men have found the answer to their problems in many applications with magnesium extrusions—now produced by new Dow facilities. Standard and special shapes, bars, rods and tubing—all are readily available in alloys which save weight, add strength, cut costs. Get information on magnesium from your nearest Dow sales office or write THE DOW CHEMICAL COMPANY, Midland, Michigan.



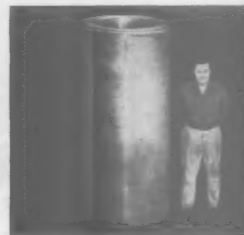
*Inspector checking special extruded shapes offered in a wide variety of alloys and sizes.*



*Magnesium bars, rods, shapes and tubing. Available in diameters or cross sections up to 10 inches.*



*World's first 84-inch magnesium coil mill now rolls sheet and plate in greater lengths and widths.*



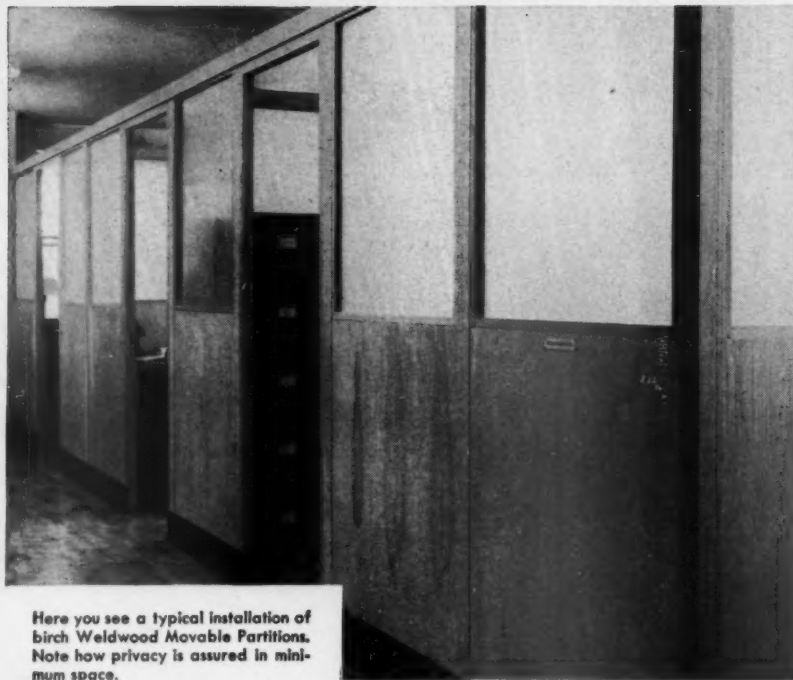
*This coil of magnesium sheet started through the 84-inch coil mill as a one-ton rolling ingot.*

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**LOW-COST CHANGE-OVER.** With Weldwood's exclusive metal key construction, you can rearrange your office layout whenever required.

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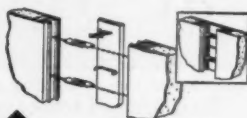
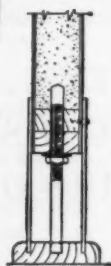


Illustration shows how metal keys slip into keyways to lock panel. Opening in key provides hidden space for B X cable. Spring clip on post cap snaps on, closing space between panels.

Cutaway view of floor base assembly. Two leveling bolts per panel make adjustments easy. Base plates may be had in matching woods or satin black Micarta®.



  
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Corp., Auburn Clutch Co., Marion Tool & Equipment Co.

• **Present Size—Today,** Dana ranks about eighth among the companies that supply parts to the automobile industry. Roughly 90% of Dana's dollar volume comes from sales of original equipment to auto producers; other companies higher on the list are big in nonautomotive fields. For example, Bendix Aviation Corp. and Thompson Products, Inc., are important aviation industry suppliers. Borg-Warner Corp. is in appliances. Budd Co. makes railroad passenger cars. Libbey-Owens-Ford Glass Co. makes building glass as well as auto glass.

Dana employs about 7,000 people, operates 10 major plants in this country, and has affiliates in Canada (Hayes Steel Products, Ltd.) and France (Societe Glaenger Spicer).

Net sales last year were \$203-million, an all-time record. Sales for the first nine months of the fiscal year ended in August ran 20.7% behind last year, reflecting the drop in auto and truck production and government business. However, tax savings and the sale of an English affiliate (Birfield Industries, Ltd.) actually boosted net profits by 1.2%.

### III. Youth Movement

Charles Dana is counting on new products, such as the Synchro-Verter, and his company's engineering skill to secure a bigger slice of automotive business. But his ace in the hole is youth.

Soon after the war, he started a search for young blood to infuse into the management of the company. The men who had built up the business were nearing retirement age, and it was becoming an old man's company. Both Dana and company president Ralph E. Carpenter were approaching 70. Dana wanted a smooth transition so that he might devote more time to travel and his hobby of raising Shropshire and Merino sheep on his country estate at Wilton, Conn.

• **Reshuffle**—About three years ago, young men—some from outside the company and more from inside—were moved into key spots throughout the organization.

The top management was reshuffled. John E. Martin (48) was brought in from Firestone Steel Products Co. in 1952 to become executive vice-president. Last Jan. 1, he became president, and Carpenter moved up to vice-chairman of the board. These moves, along with retirements, give Dana Corp. an executive staff with an average age of 46.

The same sort of changes were made all through the company. Plant general managers now average 41. A dozen or so hand-picked ex-GIs, with an average age of 32 are in training for executive positions.



Marion

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**Colorbrite**

**WETPROOF! FADEPROOF! SMEARPROOF!**

*Writes as smoothly  
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**EBERHARD FABER**

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**26**

**HIGH-VISIBILITY  
COLORS**

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# A QUICK GUIDE TO Greater Pencil Value

Getting just the right pencil or eraser for each job saves time and trouble...costs no more! Which should YOU be using?



**A. ARTISTS, ENGINEERS, DRAFTSMEN!** 18 controlled degrees, plus superb smoothness makes *Microtomic* the choice of men at the board. Scientifically balanced for perfect control.

**B. DISCRIMINATING PEOPLE** choose *Van Dyke* for ultra-smoothness and its flat adjustable eraser.

**C. WRITERS ATTENTION!** The extra black, thick lead *Ebony* writes smoothly on any paper. Perfect for quick memos, sketches and layouts too.

**D. ACCOUNTANTS** prefer *Thin-Rite* for small, neat figures. Sharpens to a fine point and holds it!

**E. A BOTTLE OF INK IN A PENCIL** is safer and quicker to use. *Noblot* satisfies legal requirements as well as your personal convenience.

**F. WRITES ON ANY SURFACE**—glass, metal, plastic, cellophane, even movie films can be clearly marked with *Marker* paper-wrapped or mechanical pencils. Popular colors.

**G. FOR WRITING, DRAWING, AND PAINTING!** The miraculous *Mongol Colored Pencils*. 36 colors, thin, strong indelible leads. Ideal for charts, maps and color visuals.

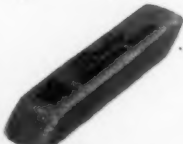
**H. OFFICE PEOPLE PREFER COLORBRITE LEADS!** In handsome "see-thru" plastic barrels. 12 brilliant colors!

**J. THE MOST WANTED BUSINESS PENCIL** in the world. The new *Miracle Mongol*. Smoother writing! Blacker lines! Extra strength! Longer wear! Look for new Bull's Eye Marking!

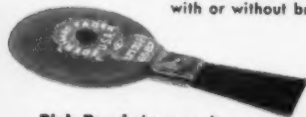
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**Ruby** firm and durable for office forms. Erases black or colored pencil marks.



**Pink Pearl** cleans as it erases. Exceptional quality removes black pencil marks without roughening paper.



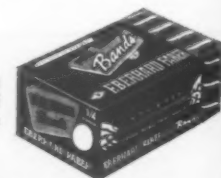
**Star Plastic Type Cleaner** removes dirt and ink from typewriter keys, office machines, rubber stamps, etc. Nothing to spill, keeps hands clean.



**Singlex**, the giant 7-inch pencil-shaped eraser sharpens in a pencil sharpener. Excellent for ink or type marks. With or without brush.

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## NEW PRODUCTS



### Small Photo-Copies

Cormac Industries, Inc., says that its new photo-copying machine, above, is the lightest and smallest on the market. It weighs 19 lb., about half as much as other models, measures 8 in. by 10 in. by 10 in. Also, says the manufacturer, it is the lowest priced unit on the market: \$359.

It makes a negative copy in 9 sec. A positive copy takes longer, but still under a minute. Like other duplicating machines, this one requires special duplication paper. But the manufacturer says that any kind of original paper can be put into the machine. Some duplicators require the original to be transferred to a special translucent paper before it is put through.

• Source: Cormac Industries, Inc., 80 Fifth Ave., New York, N. Y.

## NEW PRODUCTS BRIEFS

**Merit awards:** The Associated Industries of Massachusetts is dusting off an old idea that has been on the shelf since World War II. Starting this month, AIM will give awards for outstanding new products that have been developed by Massachusetts manufacturers.

**A new single-station shell molding machine** that's completely automatic and can turn out 40 shell molds per hour has been announced by Mechanical Handling Systems, Inc., Detroit.

**Three new tubeless tires** were announced last week. General Tire & Rubber Co., just entering the field, says its new line will start at \$44. . . . B. F. Goodrich Co.'s new Safetyliner will sell for the same price as a standard tire-and-tube combination. . . . Firestone Tire & Rubber Co.'s De Luxe Champion is said to eliminate squeal.

*Setol Cleanser* HAS WHAT IT TAKES  
TO MACHINE-SCRUB OILY FLOORS—



*Faster  
cleaning action!*



### Cuts operating time of the scrubbing machine

Because *Setol* is specially compounded for the greater speed of *combination-machine-scrubbing*, it must *and does* work faster than average alkaline cleansers. *Setol* saponifies and emulsifies grimy oil and grease *instantaneously*. The wetting agent in *Setol* floats the oil for fast, easy, and thorough removal by the vac of a *combination machine* or with a separate vac unit. And because *Setol* stays fast-acting longer — does not spend its strength quickly as do ordinary oil and grease solvents — less is required to clean a given area. Thus *Setol* saves on materials and,

- A constant, fast-acting cleanser for machine-scrubbing cement, wood, wood block, metal, stone, and terrazzo floors
- Consistent use on cement floors prevents cement dusting . . . provides a finish that helps seal out waste materials



Finnell 213P  
Scrubber-Vac

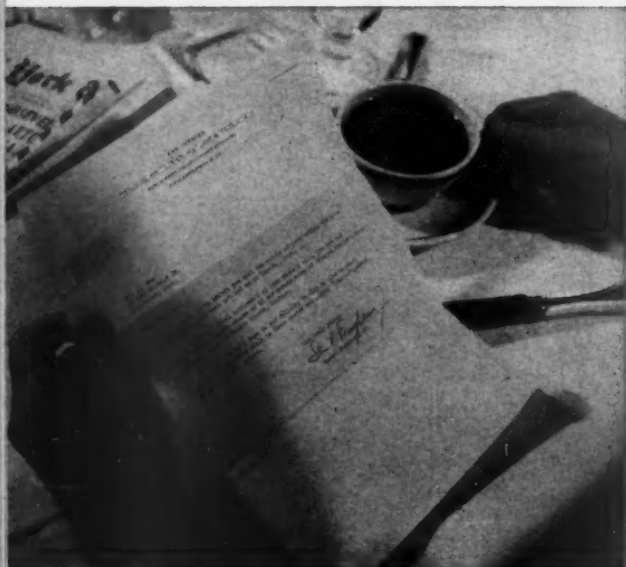
by speeding the cleaning process, cuts operating time of the scrubbing machine . . . reduces labor costs . . . and saves on brushes. Best of all, *Setol* gets floors oil-free clean! Also acts as a disinfectant (contains pine oil), and leaves a pleasant, clean aroma.

For demonstration, consultation, or literature, phone or write nearest *Finnell Branch* or Finnell System, Inc., 3810A East Street, Elkhart, Indiana. Branch Offices in all principal cities of the United States and Canada.

**FINNELL SYSTEM, INC.**  
Originators of  
Power Scrubbing and Polishing Machines



BRANCHES  
IN ALL  
PRINCIPAL  
CITIES



**1** LETTER tells Jim Brown uncle's estate has been settled, giving Brown 10,000 shares of Grunion Mfg. Co., currently selling on market for \$25 a share.



**2** BROKER gets call from Brown, telling him to sell stock as quickly as possible. But broker knows 10,000 shares is too much for Stock Exchange to digest at once.



**3** SYNDICATE is set up to underwrite sale, after broker gets Exchange O.K. for secondary offering. For quick turnover, it offers stock at \$25, under market close of \$25.50.



**4** DEAL is clinched; selling group splits \$10,000; Brown's \$240,000 is less than he'd have received at market sale, but disposal of large block comes high when it's done via . . .

## Secondaries: For a Quick Sale

The Jim Brown in the transaction pictured above could be almost anyone.

He's just a fellow who really had that wealthy uncle—wealthy enough, at least, and thoughtful enough, to leave Brown at his death a chunk of securities of a medium-sized Midwestern manufac-

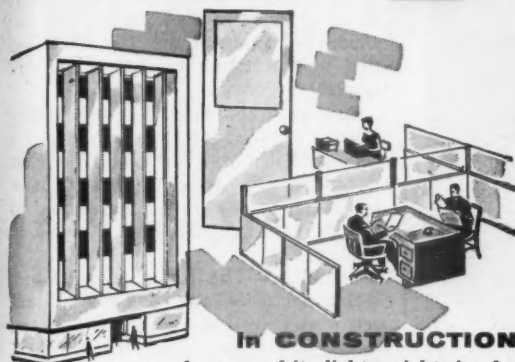
turer. But Brown never heard of Grunion Mfg. Co., and figures he could use some cash to get on his financial feet and start off in a big way. So he calls his broker, gives the word. The result is the transaction of which the pictures show just the high points.

• **Rule of Thumb**—The first thing the broker has to do is to figure out the quickest way to move Brown's stock. He takes a look at how heavy the trading has been in Grunion. Not so active, he finds—around 6,500 shares a month. If Brown's 10,000 shares were traded



# REYNOCCELL

THE MIRACULOUS NEW MATERIAL WITH BOUNDLESS USES



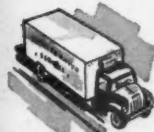
## IN CONSTRUCTION

because of its light weight, insulation and fire, moisture, fungi and pest resistance... movable partitions • folding partitions • interior curtain walls • residential doors • industrial and garage doors • solar shades • advertising signs • lean-to bomb shelters • shelving, etc.



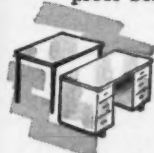
## For PORTABLE EQUIPMENT

because of its light weight and structural strength... billboards • pallets • platforms • stage scenery • trailer and truck body parts • work stands, etc.



## For INSULATED STRUCTURES

because of its excellent thermal insulation, light weight and strength... liners for refrigerator trucks and cars • walk-in refrigerators • refrigerated vending machines • shipping containers • oven jackets • heat baffles • preheating chambers • chicken incubators • bakery proof boxes, etc.



## For FURNITURE

because of its modern beauty, light weight and fire and moisture resistance... desks and tables • cabinets • drafting boards • bed ends • store fixtures • portable bars, etc.



## WHAT REYNOCCELL IS:

Reynocell panels are extremely light, strong, rigid, prefabricated structural units. They have a honeycomb core of resin-impregnated kraft paper to which aluminum facings are securely bonded.

## ITS PROPERTIES:

(Typical, based on 4" thick panels. Comparably favorable properties apply to other thicknesses.)

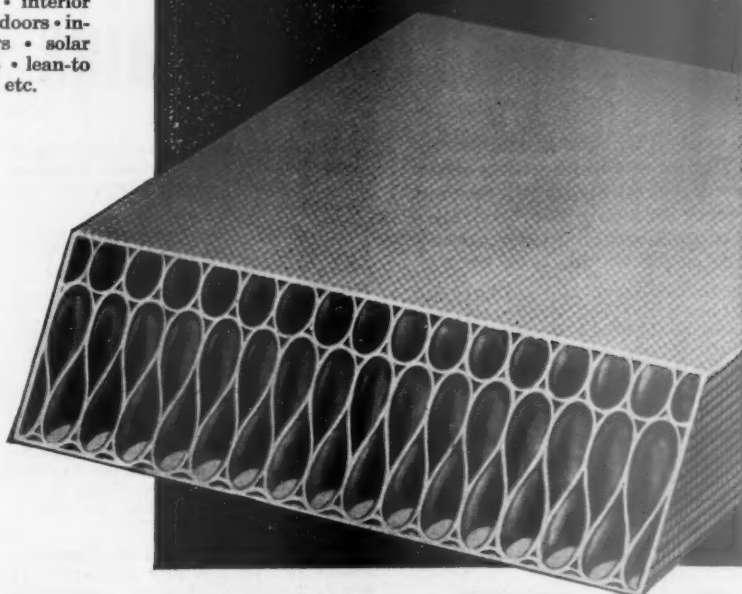
Weight—1.46 lb./sq. ft.

Bending Strength—180 lb./sq. ft. of uniformly distributed load on 8' span

Deflection— $\frac{1}{4}$ " with 47 lb./sq. ft. of uniformly distributed load on 8' span

Crushing Strength—70 psi

Thermal Insulation (U factor)—.135



## REYNOLDS Engineering Service

Reynolds engineers are working with a number of manufacturers on a variety of applications. Their assistance is also available to help you apply the many advantages of Reynocell Panels to your products.

Call your nearby Reynolds office listed under "Aluminum" in classified phone directories. Or write for more complete information and answers to your design questions. New applications and test data that may be helpful to you are accumulating every day. Reynolds Metals Company, 2585 So. Third Street, Louisville 1, Kentucky.

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MODERN DESIGN HAS ALUMINUM IN MIND



## LABOR in the Northern Plains

The typical worker of the Northern Plains was born with a silver screwdriver in his mouth and cut his teeth on a pair of pliers. He's one of the most adaptable factory hands in the world.

Here in the green and golden land of Nebraska, Iowa, Minnesota, the Dakotas and western Wisconsin, high productivity per worker is an accepted fact and a co-operative, friendly outlook is a way of life.

Highly educated (as in Minnesota where schools are rated among the best in the nation) . . . fiercely patriotic (like Iowans who were among the tops in numbers serving in World War II) . . . workers of the Northern Plains are steady, reliable employees.

A sturdy, predominantly German-

Scandinavian heritage and an invigorating, healthy climate make absentee rates in the Northern Plains an employer's dream.

Coupled with a ready supply of highly desirable workers, the Northern Plains offers an abundance of natural resources—agricultural products . . . iron ore, gypsum and gold . . . plenty of water . . . and economical, dependable natural gas, supplied through the more than 8,000 miles of pipelines of the Northern Natural Gas Company.

A network of major railroads, freighters from the nation's second busiest port, and round-the-world air service transport the raw materials and finished products of the Northern Plains to the 4 borders of the nation . . . and of the world.

There's an ideal spot in the Northern Plains for almost any industry. If you're relocating a plant, opening a branch, or pioneering a new industry, consider the advantages of the Northern Plains. Our Area Development Department can help you locate. Write Northern Natural Gas Company, Omaha, Nebraska.



# Northern NATURAL GAS

**These Are the Northern Plains States: MINNESOTA  
IOWA • NEBRASKA • THE DAKOTAS • WISCONSIN**

all at once over the floor of the exchange, the market for Grunion would collapse under the weight. Theoretically, of course, Brown could say sell it and never mind what it brings. But that would be pure insanity.

If it ever should happen, Brown's broker probably would be disciplined by the Exchange for irresponsible behavior. Brown himself probably would be investigated by the Securities & Exchange Commission on the suspicion that he was trying to manipulate the market.

And so he concludes that a secondary offering is called for. It is considered a good rule of thumb for secondaries that the block of securities to be sold must be larger than a month's volume of regular trading on the New York Stock Exchange.

• **Soundings**—The broker also takes a look at the price range of Grunion, and gets from Brown an idea of what Brown wants to net per share on the deal. The broker is careful to explain to Brown that commissions on secondaries are quite a bit higher than normal Stock Exchange commissions. That's because the underwriters assume the selling risk, while paying Brown a stipulated price. And the cost of selling, and of organizing and managing the syndicate, are not ordinarily incurred in a straight sale on the Exchange floor, where there is no prearranged price.

The broker can go beyond just a look at trading volumes and prices, if he wants. He can sound out a number of brokers and dealers to see if the stock could be handled across the Big Board—that is, whether they have customers willing to buy the stock in sufficient numbers to clean up Brown's block. He will probably get a rather vague answer—customers are hard to pin down, especially when there are too many ifs and buts. So the broker decides to make application to the Exchange for a secondary distribution.

• **Weighings**—The Exchange, before granting approval, will weigh the same factors the broker considered—and it may come up with a different answer.

The Exchange might say the number of shares isn't large enough for a secondary, that the stock should be moved instead via a special offering. In a special offering, the block would be traded on the floor of the Exchange, by members of the Exchange exclusively, but at a set price as in a secondary. The secondaries are not transacted on the Exchange floor, and over 5,000 members of the National Assn. of Securities Dealers get a crack at them.

The commissions in a special offering are not so large as in a secondary—usually because the number of shares involved is smaller.

Special offerings aren't used nearly so much as secondaries. Investment

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## With 4 Great New All-Truck Features for America's Only All-Truck Light-Duty Models

INTERNATIONAL—world famous for truck value and *all-truck* engineering—now brings four big quality advancements to the light-duty field! Now—with new engines, new handling ease and performance—INTERNATIONAL sets a new high in light-duty truck value! See these newest features at your INTERNATIONAL Dealer or Branch—see how much more an *all-truck* INTERNATIONAL provides!

### 1 New Tubeless Tires

Now standard equipment on all ONE HUNDRED Series models! Provide great new *safety* and freedom from tire troubles. Lessen the danger of blowouts and punctures. Operate with less noise.

### 2 New Automatic Transmission

The last word in automatic drives! Provides extra pulling power for smooth, fast starts under load—offers direct gear drive in high for economy equal to conventional transmission. Saves driver energy. Reduces engine, drive-line and tire wear. Cuts maintenance expense. Available for all light-duty models, at extra cost.

### 3 New Overdrive Transmission

INTERNATIONAL-tested, INTERNATIONAL-proved to provide outstanding light-duty truck economy. Reduces engine speed—increases engine life—saves on gasoline, oil and maintenance expense. Well worth the low extra cost in all ONE HUNDRED and R-110 Series models.

### 4 New Power Steering

Truck-designed, truck-built to combine finger-tip-easy parking and maneuvering with true, solid "feel of the wheel." Safety-engineered to provide conventional steering in event of power failure. A low-cost optional extra, available on all light-duty models.

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Better roads mean a better America

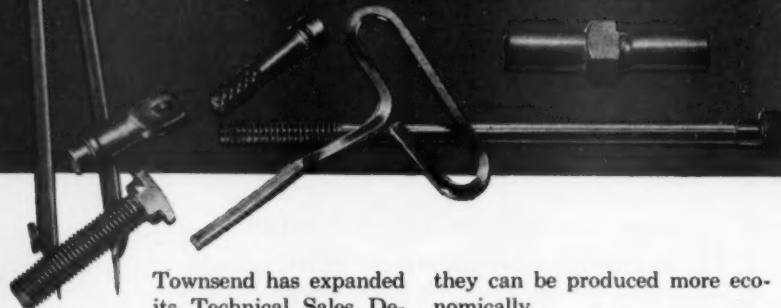


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Townsend has expanded its Technical Sales Department to help you in your constant effort to improve your product, reduce unit costs and speed assembly. Here, a group of specialists works as a unit to devise the most economical and efficient methods of product assembly for all industry.

These men can serve you in several ways. They will visit your plant as fastening consultants to your design engineers and operating men. They will analyze a particular product and design special parts for it or suggest use of standard products in the assembly.

You may want them to study your entire production line for improved assembly techniques—they will even design a single part to solve a specific problem.

Another way to obtain the services of this department is to send drawings and samples of specific items for suggestions as to how

they can be produced more economically.

Back of the Technical Sales Department is a company with nearly a century and a half of wire drawing and cold-forming experience. More than 10,000 standard and special parts and fasteners are produced regularly by Townsend.

In addition to the wide range of products and design experience at your command, Townsend has the tremendous capacity to produce 60-million pieces a day. This means you can depend upon Townsend to keep pace with your production lines since, in its several plants, there are enough machines of any type to handle a variety of long production runs simultaneously.

To learn how you may effect substantial savings in material costs, speed production and improve your product, write today for illustrated bulletin or use the coupon below.

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**TOWNSEND COMPANY**  
Sales Department  
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houses, of course, would rather resort to a secondary when possible, because of the handsome commissions. The Exchange, though, likes special offerings because its member firms get an exclusive crack at the sale.

• **Roundup**—Suppose Brown's broker gets a green light for a secondary on Grunion Mfg. Next step is to round up a group of dealers to underwrite the stock. The group analyzes the security carefully, eyes its price movement over long periods, carefully dopes out what the dealers' concession will be on the sale—what discount will be offered from the closing price on the Big Board to entice prospective buyers.

The underwriters are securities dealers who act much like wholesalers of ordinary merchandise. In effect, they hand out the stock on consignment to the "selling group" of retail securities dealers, who then go out and beat the bushes for buyers. If it doesn't sell, the underwriters are stuck with it.

In the fee splitup, the sellers get the lion's share. In a secondary of 280,000 shares of Atlantic Refining Co. this year, there was a syndicate of 80 underwriters and a like number of sellers, ramrodded by New York's Lehman Bros. Fees of \$1.65 per share were divided like this: 15¢ to the syndicate management, 35¢ to the underwriters, \$1.15 to the sellers.

• **Risks**—The group gets set. At the close of trading on a day when the closing price of Grunion will give them a fee in line with their calculations and give Brown what he wants to net on the deal, they announce the secondary offering.

The syndicate, however, runs some risks. One is the risk of not being able to move the stock at the set price. Moreover, practically every secondary is stabilized—that is, the offering price is protected by either buying or selling shares of the security in the market. The group tries to put a floor under the price of the security, and often will take a short position in the stock, prior to the offering, then bolster the market price of the stock by covering its short position whenever needed. Occasionally, as happened in the Atlantic Refining secondary, it is necessary to cover the short position at a rising market price, thus trimming some of the syndicate profit on the deal.

• **Happy**—The outcome of a successful secondary, such as Brown's, is usually happy all around. Brown gets his cash—less than the market price, but quicker than he could get it any other way. He doesn't have to filter the stock onto the Exchange a few shares at a time. The underwriters, sellers, and managers garner commissions maybe four or five times the normal Exchange rate (under Exchange rules, the commissions must be at least twice the regular rate).



• **Big Deals**—Brown's example shows how an individual might use a secondary offering. But the biggest users of the device—and this is the reason secondaries are now larger than ever—are investment trusts, pension funds, and insurance companies. It's mainly these institutional investors that nearly doubled the dollar total of secondaries in the first half of this year over the same period of 1953, though there were 13 fewer offerings in number.

In 1953's first half, 108 transactions accounted for \$55.9-million; the 95 secondaries in the first half of this year represented \$90.6-million.

It's not only little known stocks that are traded in secondaries. One of the biggest such offerings occurred this year, involving 1-million shares of International Harvester Co. Others this year offered shares of Standard Oil (N.J.), Pillsbury Mills, Anheuser-Busch, Guaranty Trust Co.

• **Newcomers**—Secondary offerings as they work today didn't exist before the Securities Exchange Act of 1934, didn't really get going until 1939. The New York Stock Exchange has complete records only from 1937. It was the postwar growth of investment trusts and other institutional investors that brought in the huge chunks of stock now sold via secondaries. In 1939, 49 secondaries recorded by the Big Board represented a total of 400,000 shares. Through mid-September this year, the Exchange had recorded 41, with a total of 3,233,439 shares (only secondaries involving listed securities are recorded by the Exchange).

The year 1940 was a landmark for secondaries. The British government, needing dollars to build defenses, took over shares of U.S. companies held by British nationals. Many of these blocks were sold in New York through secondary offerings, and the original owners were paid in pounds sterling.

In the present setup, if a secondary involves "hot stock"—a block representing some measure of control of a company—the Securities & Exchange Commission must approve it.

• **Offshoots**—The spread of the secondary offering has given rise to two similar devices: the special offering, and the exchange distribution, both carried out on the floor of the Exchange.

The exchange distribution is used mostly by large investment houses. Usually, the investment house gathers up, within its own organization, enough buy orders to cover one sell order for a fairly sizable block of stock not considered big enough for a special or a secondary. There's no set price, however. The investment house just watches the ticker until the security approaches a price it deems attractive, then crosses its buy orders and its single sell order at that price.



## Townsend made this automotive part at a savings of \$18,000 per year

Big savings turn up in unexpected places when you examine the cost of producing small parts and fasteners. That's what happened when a Townsend engineer suggested that this small spacer stud could be produced by the Townsend method of cold-forming at one-third the cost of the former method. Result—a cool \$18,000 clipped from production costs and a tougher, stronger part.

This is possible because the Townsend method is fast. And all the raw material went into the part, none was cut away as scrap. As a result, more pieces per pound of metal were produced, resulting in additional economy.

Townsend parts have high resistance to shock and fatigue because cold-forming increases ten-

sile strength. The flow lines of the metal follow the contours of the piece instead of remaining in a single plane, as with machined parts. Cold-forming strengthens the threads and eliminates stock notching. Close size tolerances and excellent surface finish are characteristic of Townsend parts.

As "The Fastening Authority," Townsend produces 60-million pieces daily—regularly makes more than 10,000 special and standard fasteners and parts. With this capacity and the experience of 138 years of metal working to draw upon, Townsend engineers will help you reduce your material and assembly costs. Ask to have one of them call. For more information use the coupon below or write for illustrated bulletin.

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That 5 minute talk  
**SAVED**  
**\$6,532 on fuel**

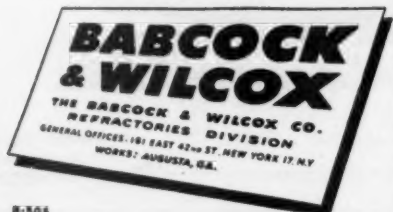
It's tough on the BTU Burglar, but the word is getting around just the same... that industrial furnaces *don't* have to be burgled for billions of BTU's—worth thousands of dollars—per year.

**Typical example: A bolt manufacturer relined three furnaces with lightweight B & W Insulating Firebrick. Analysis of fuel cost per ton of steel reveals that the B & W linings save \$6,532 per year, compared with the ordinary heavy firebrick linings in the plant's other furnaces.**

Heavy furnace linings waste your fuel dollars two ways: They soak up and hold large quantities of heat which are lost when the furnace is cooled; and they conduct and lose too much heat through the walls. Lightweight insulating firebrick, containing millions of tiny air cells, heat up and cool quickly, absorbing and storing very little heat. Also, they resist heat flow, keeping it inside the furnace to do productive work.

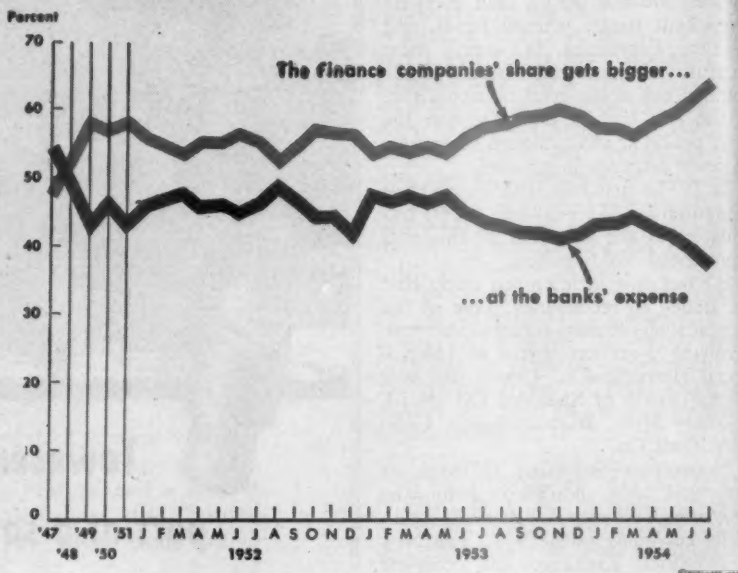
If you want to save on fuel, your logical choice is the lightest weight refractory you can buy—**lightweight B & W Insulating Firebrick.**

Investigate now so that you can try B & W Insulating Firebrick next time you reline your furnace or kiln. Write today for complete facts or contact the B & W Refractories Engineer in your locality.



R-506

## Auto Loans:



## Banks Play Second Fiddle

Finance companies, as the chart shows, have grabbed back their lion's share of the auto financing business. And they are steadily increasing their margin over the commercial banks.

Apparently, the finance companies have pretty thoroughly reversed the trend in which the banks actually pulled ahead just after the war.

Between them, the finance companies and the banks handle a very large part of all loans on new and used cars. And the figures tell the story of the struggle between them.

In 1940, commercial banks had a total of \$615-million in outstanding auto loans, a scant third of the \$1.9-billion held by the finance companies. But the war changed conditions and notably eased the choosiness of bank loan departments. As a result, in 1947 the banks led the finance companies with 54% of the new business they did between them.

• **Reversal**—The tide turned in 1948, with the finance companies creeping into a 51% lead on new business. By last July they had increased their margin to 63%, with \$626-million in new loans compared with \$393-million. For the same month the finance companies had a total of \$5.4-billion in loans outstanding; the banks had \$3.8-billion.

There are several reasons for the edge held by the finance companies:

• The big finance companies—such as General Motors Acceptance

Corp., C.I.T. Financial Corp.'s subsidiary, Universal C.I.T. Credit Corp., and Commercial Credit Co.—offer package finance plans that can be picked up at the dealer's salesroom when the car is bought. The package includes an installment payment plan, credit life insurance that pays off the balance due if the car buyer dies, a credit certificate for repairs, bail bond if the buyer is arrested for an auto violation, and collision and fire insurance. The finance companies have offices all over the country where the car buyer can go for help in an emergency.

• The finance companies get a big share of the business that is rejected by the more choosy banks. Banks take a long look at prospective borrowers; many of them won't make loans on old cars.

• Many auto dealers favor the finance companies, which in turn pay them compensation for their trouble. These payments average around \$30 per car, covering (1) a commission for bringing in the loan, (2) a fee for the clerical work involved, and (3) compensation to the dealer who, in most cases, assumes part of the liability if the buyer fails to pay off.

• **More Than Half**—The National Automobile Dealers Association has pointed out how important these finance company fees are to the dealers in times like these when profit margins have been shaved. NADA figures show



**World's largest high-alloy weld is 67 square inches...  
IT'S BEING DONE AT CLEVELAND PNEUMATIC**

In a blinding shower of sparks two solid steel railroad car axles can be welded into one length in only 108 seconds... or...

Two heavy-wall alloy steel tubes 20" in diameter, 1" wall, can be joined with a weld that is actually as strong as the tube walls.

In the Cleveland Pneumatic plant, the world's largest and most powerful general-purpose flash-butt electric-resistance welding machine is now at work joining aircraft components. This machine can butt weld high-alloy steel pieces having a total cross-sectional area of as much as 67 square inches. With low-carbon

material, this area can be as large as 100 square inches.

A limited amount of our custom welding equipment is available now on a contract basis. It can be useful to manufacturers who have the problem of getting highest-quality welds of all areas on high-alloy steels.

Write for Booklet B-104, which describes this machine and its capacities, and also tells you how our Contract Welding Department can work for you.



**Cleveland Pneumatic**  
*Tool Company* CLEVELAND 5, OHIO

Department B-104

**BALL-SCREW MECHANISMS • AIR-OIL IMPACT ABSORBERS • World's Largest Manufacturer of Aircraft Landing Gears**



*This is not an Offering Circular. The offer of these Bonds is made only by means of the Offering Circular, which should be read prior to any purchase of these Bonds.*

## \$52,000,000 Northern Pacific Railway Company

### Collateral Trust 4% Bonds

Dated October 1, 1954

Due October 1, 1984

Interest payable April 1 and October 1 in New York, N. Y.

The issuance and sale of these Bonds are subject to authorization by the Interstate Commerce Commission

### Price 99½% and Accrued Interest

*Copies of the Offering Circular are obtainable from only such of the undersigned as may legally offer these Bonds in compliance with the securities laws of the respective States.*

**MORGAN STANLEY & CO.**

**BLYTH & CO., INC.**

**THE FIRST BOSTON CORPORATION**

**GOLDMAN, SACHS & CO.**

**HARRIMAN RIPLEY & CO.**

**KIDDER, PEABODY & CO.**

*Incorporated*  
**LEHMAN BROTHERS**

**UNION SECURITIES CORPORATION**

September 24, 1954.



### REVOLVATOR RED-GIANT features Safety-Ease

Durability — built in by 50 years of Revolvator Co. experience—is still the fundamental of the Red Giant lift truck line. Maneuverability, plus the safety of their exclusive double stroke mechanism, make the models shown leaders in their fields. There is a Red Giant lift truck available for every use—for every capacity.

*Write for the full facts today.*



**REVOLVATOR CO.**



### Common and Preferred Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on Sept. 3, 1954, declared the following quarterly dividends:

60¢ per share on the \$5.00 par value Common Stock.

\$1.00 per share on the 4% Preferred Stock.

\$1.07½ per share on the 4.30% Convertible Preferred Stock.

Common Stock dividends and dividends on the 4% Preferred Stock and 4.30% Convertible Preferred Stock are payable Oct. 1, 1954 to stockholders of record at the close of business September 15, 1954.

MILTON L. SELBY, Secretary  
September 3, 1954



### clues.....

are business opportunity advertising in  
BUSINESS WEEK

that in the first sixth months of this year, dealers had operating profits before taxes amounting to 1.9% of sales; finance company payments were more than half of the total, or 1.1% of sales. Without the payments the dealers would have operated on the slim pickings of 0.8% of sales.

In the plushier days of first-half 1953, before-tax profits had averaged 4.4% of sales, but at that time NADA made no breakdown of finance fees.

## FINANCE BRIEFS

The new U.S. Treasury notes offered last week drew bids of \$8.1-billion, just double the dollar amount of notes available (BW-Sep.25'54,p52). The notes bear 1½% interest, maturing May 15, 1957. The interest is the lowest in 10 years for such notes.

Allstate Insurance Co., a subsidiary of Sears, Roebuck & Co., goes into the fire insurance business in New York State on Oct. 11. The company operates in 22 other states, and expects to offer rates some 20% lower than those now charged by other companies operating in New York.

Rail earnings: Pennsylvania RR, heartened by August's net earnings of \$2-million, announced that its directors would consider dividend action at the Oct. 27 meeting. The last dividend was 75¢ in December, 1953. . . . N. Y. Central earned \$828,750 in August, which cut its net loss for the year to \$6.2-million. Last year the road had a net income of \$22.7-million for the first eight months.

Indiana plans to offer \$225-million worth of turnpike bonds in December to finance the Chicago-Indianapolis toll road, according to Albert J. Wedeking, executive director of the Indiana Toll Road Commission. Like the \$280-million issue floated by the state last year, the 40-year bonds will be secured by revenues from the new road.

Eastern Airlines will double its 1953 dividend rate with payment of 25¢ for the last quarter of this year. Previously, the airline had paid 50¢ annually, in two 25¢ payments.

Studebaker-Packard Corp. has obtained a loan of \$70-million for use as working capital in a program to expand capacity and output. Of the total, \$25-million is being loaned Studebaker-Packard by three insurance companies on 20-year 4% notes. The remaining \$45-million is being obtained from a group of 21 commercial banks headed by Chase National Bank of New York.



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*Pouring Alloy valves at Bloomfield, N. J. foundry of Alloy Steel Products Company*

## Better castings at lower cost . . .

These foundrymen are pouring molten stainless steel into thin shell molds made of sand bonded with a Borden phenolic resin. Result—a better casting at a lower cost. Why? First, shell molds afford substantial savings in foundry space and sand handling costs because three of these light yet strong molds fit in each hopper whereas conventional casting methods require a large, much heavier flask of packed sand for each mold.

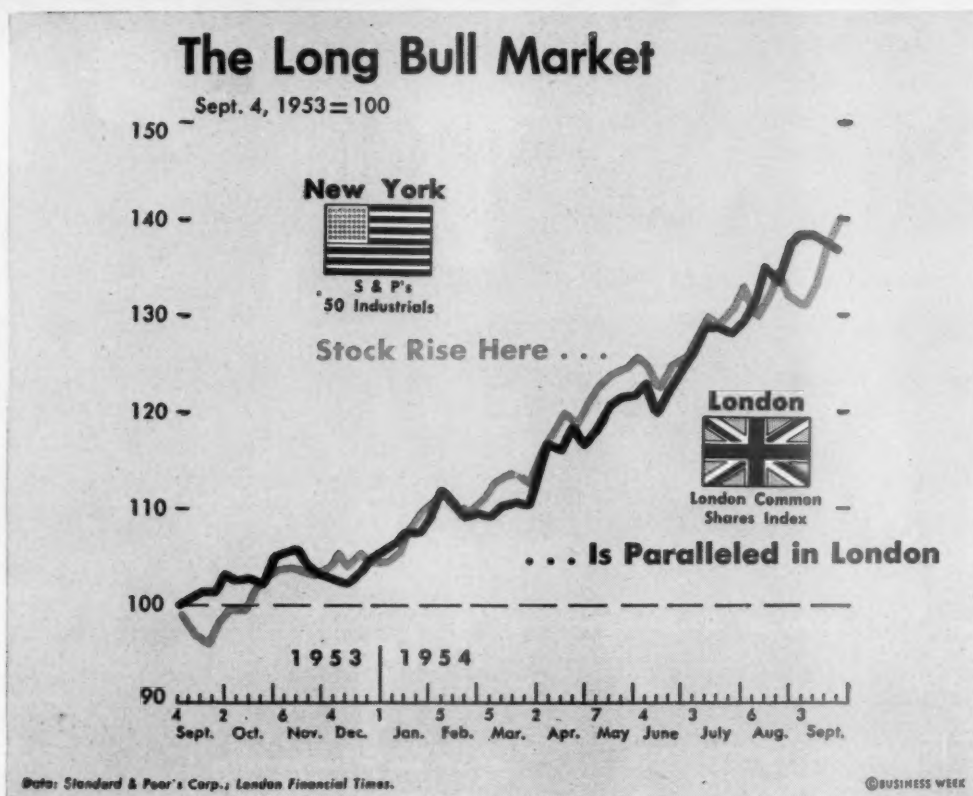
And there are even further savings! Shell mold castings can be made so well finished and so dimensionally stable, as cast, that many machining and finishing operations are eliminated. As a result, the cost

of a finished casting is often cut 50% and more using shell-mold methods.

If you buy castings, let us tell you more about shell molding . . . and the foundries who use this method. Write now to The Borden Company, Chemical Division, Dept. BW-104, 350 Madison Avenue, New York 17, N. Y.

ADHESIVES \* CASEIN \* INDUSTRIAL CHEMICALS  
RESINS \* POLYMERS \* MOLDING COMPOUNDS

  
**THE Borden COMPANY**  
CHEMICAL DIVISION



## The Reaction Fails to Appear

If bulls could grin like Cheshire cats, they'd be doing it on both sides of the Atlantic.

In New York, stocks have been climbing for a full year; Standard & Poor's index of 50 industrials hit a new high last week. The rise in London is even older, since mid-1952; and there, too, last week the London Financial Times' index of ordinary shares reached an all-time peak.

The bears, of course, continue their discordant note, but their voices are worn with the warning that there must be some sort of reaction soon, even if it is merely a technical adjustment. They keep on saying it; but there has been no serious setback since the rise began.

Indeed, in New York the shares in the S&P's index have picked up 47% in value in a year.

Some observers think that each of the markets is giving the other some sort of a boost, with the rise of London shares spurring confidence in New York, and vice-versa.

• **The Top?**—In London, though, the suspicion is growing that the prices there may be close to their peak. Bears

and weary bulls recall that in 1952 there was a European trade recession; stocks anticipated a recovery, and haven't looked back since. They are convinced that an adjustment is overdue, just as in New York.

An underlying early reason for the London stock climb, some observers say, was the fact that the inflationary rise in business earnings could not be reflected in dividends, first because of Socialist restrictions and later because management set up extra reserves in fear of further inflation.

Inflation actually stopped in London about 1952, thus freeing large business funds. And dividends now have been gradually adjusted to current earnings. Thus, the bears argue, there is no further incentive from this quarter for a continued market rise.

• **Supports**—There are, however, special factors that give stocks added strength in London:

- The restoration of cheap money after the enforced credit squeeze of 1951-52. This has upped governments since mid-1952, and created a lower yield basis for the whole market.

- Several strong syndicates raided

old-fashioned businesses with large potential assets by offering good prices to stockholders. They gained control, ousted managements, wrote up assets and raised dividends. This happened extensively in stores. The index of store shares rose 124% in the past 24 months, and played a large part in advances of the over-all indexes.

• **Breakdown**—The Investors Chronicle indexes, breaking the market down into industrial groups, show the following increases over a year ago: plastics up 38%; cinemas 63%; automobiles 58%; newspapers 56%; aircrafts 48%.

"The outlook for industrial production in Britain is a slow, steady expansion for a year or two, but with profits becoming more erratic," one London observer says. "As next year's elections approach, the possibility of a Socialist comeback is bound to depress markets. The bull market's end, thus, could come within the next three or four months."

"London is viewing the Wall Street share outlook with increasing caution as many see American business activity moving sidewise, and under growing competitive pressure."

**BIG NEWS for all industry!**

**PRICES REDUCED**

over 12% on popular widths of

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BRAND

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- Big savings for you on both transparent and colored cellophane tape!
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- Same high quality "Scotch" Brand Cellophane Tape you've always used!

Increased industrial usage together with improved production techniques makes these big savings possible now!

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# Here's what men in the automatic control field

## THE NEW MCGRAW-HILL MAGAZINE OF INSTRUMENTATION

"CONTROL ENGINEERING is a valuable contribution to the field of automatic control and from the quality of the articles and the advertising it is obvious that our engineers will be devoting many hours to it."

Ralph E. Cross  
Executive Vice President  
The Cross Company

"CONTROL ENGINEERING arrived here this week and has been circulated among our entire department where it was received with considerable interest."

"The technical articles it contains will be of considerable service to any process engineering department."

Manager of Process Engineering  
Chemical Firm

"I am very pleased with my first copy of CONTROL ENGINEERING. I shall look forward to each issue."

William E. Stille  
Allen Systems Company

"Your emphasis on techniques and analytical methods makes your magazine of particular interest to us because at the moment we do not know of any other such concentrated collection of this sort of material. The material in your first issue is very competently presented and we were favorably impressed by the whole format. With the increasing importance of systems engineering, we are sure there is a very definite need for a publication such as you have launched."

David M. Smith  
Manager of Research  
Jones & Lamson Machine Company

"This is an impressive issue and indicates a new publication that no doubt will attract the attention of many men in industry who are concerned with the latest developments in this subject."

S. E. Voren  
Advertising Manager  
The Parker Appliance Company

"I was very much impressed by the first issue of CONTROL ENGINEERING. I was pleased to see that you intend to cover a broad range of interests from the theoretical to the practical."

"Congratulations on the excellent job you are doing."

Dr. Rufus C. Enderburger  
Director of Research  
Woodward Governor Company





# Control field say about Control Engineering

## ON INSTRUMENTATION AND AUTOMATIC CONTROL SYSTEMS

### **Control Engineering can help you expand your sales in this Fast Growing Market**

The September issue of CONTROL ENGINEERING culminated ten years of research on the part of McGraw-Hill to determine the direction and scope of a magazine designed to serve the automatic control field.

The success of this undertaking is evident, in part, in the comments received from many of its more than 16,000 subscribers—the engineers and technically-trained management men who initiate, specify and approve the purchase of control systems and components for business and industry.

Ninety-six companies established invaluable franchises for their products in this market by placing advertising space in the September issue.

Ask to see a copy of "Important Facts About CONTROL ENGINEERING." It will give you some of the dimensions of the market served by CONTROL ENGINEERING, and it will show how this new advertising medium can help build sales for you in 1955.

*December issue closes November 1st*

# Control ENGINEERING

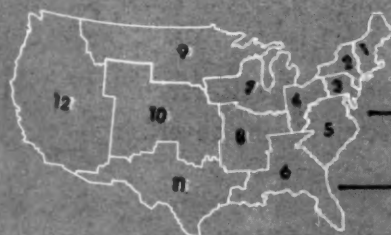
INSTRUMENTATION AND AUTOMATIC CONTROL SYSTEMS

A MCGRAW-HILL PUBLICATION  
330 WEST 42ND ST., NEW YORK 36, N. Y.

# REGIONS

## The Income Pattern — Business Week's Regional Income Indexes

Federal Reserve District	Change from Year Ago	The Indexes:		
		July 1954	June 1954	July 1953
Boston 1.	- 0.5%	253.5	253.7	254.7
New York 2.	- 1.0%	269.9	265.8	272.5
Philadelphia 3.	- 5.6%	265.3	267.8	281.0
Cleveland 4.	- 5.6%	286.4	289.6	303.4
Richmond 5.	- 2.3%	311.3	312.5	318.5
Atlanta 6.	+ 2.1%	377.8	371.3	370.2
Chicago 7.	- 1.3%	304.1	308.3	308.1
St. Louis 8.	- 1.3%	297.6	299.4	301.6
Minneapolis 9.	+ 1.1%	319.6	320.9	316.2
Kansas City 10.	+ 6.3%	380.1	375.6	357.7
Dallas 11.	+ 2.3%	423.4	416.2	413.8
San Francisco 12.	- 1.9%	336.0	337.6	342.4
U. S. Composite	- 1.1%	306.7	306.7	310.1



1941 = 100; adjusted for seasonal. July figures preliminary; June revised.

77BUSINESS WEEK

## Under '53, but Holding Firm

July incomes stood just 1.1% under July, 1953, the record high, according to BUSINESS WEEK's Composite of Regional Income Indexes. In four regions—Atlanta, Minneapolis, Kansas City, and Dallas—incomes were still above

year-ago levels. In other regions, the year-to-year declines were mostly small, the exceptions being Philadelphia and Cleveland—both down 5.6%.

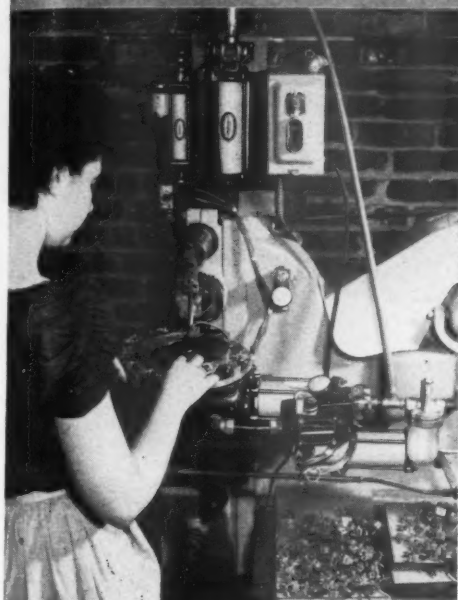
From June to July, U.S. incomes as a whole remained unchanged. Changes

for the separate regions ranged narrowly from -1.4% in Chicago to +1.8% in Atlanta. In sum, income held the gains made in May and June, and appeared to be settling down at this level—actually a very high one.

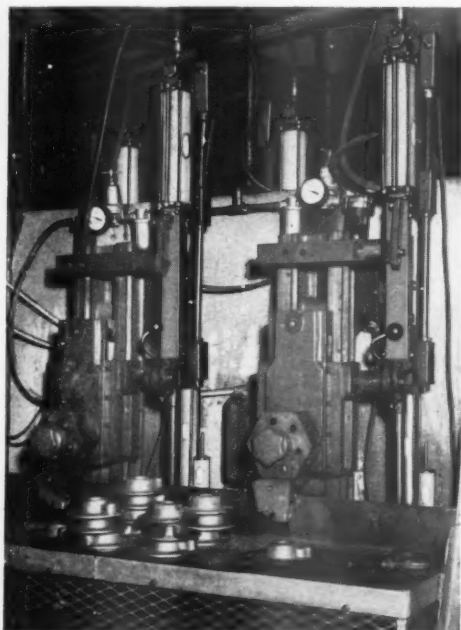
## WITH THIS UNIQUE AIR MOTOR



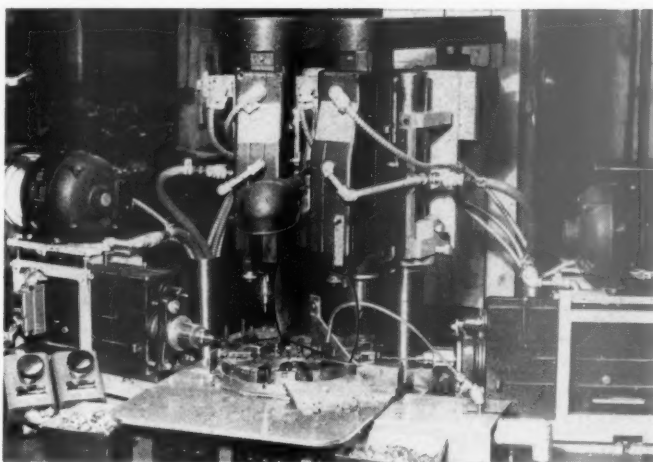
**you can build cost-cutting special machines or modernize existing machines right in your own shop with your own personnel**



*This semi-automatic set-up at Eastman Manufacturing Co. doubled production and eliminated fatigue in milling bakelite magneto parts.*



*A simple installation cut lathe time on steel ordnance parts from 90 to 10 seconds per piece at Joseph Pickard's Sons of Philadelphia.*



*This drilling machine, built by Horrocks-Ibbotson, turned out 1 year's production of their fishing reel pawl blocks in 3 months.*

Even for short runs you'll find special machines built around this versatile power unit will pay off in a big way—in greatly lowered costs, in fewer rejects, in better product quality. No expensive engineering is needed. In fact, your local Bellows Field Engineer may have in his Foto-Facts File basic designs that can be readily adapted to your product and your production processes.

Your own tool room can build such special machines at decidedly low cost, and quickly. Often they pay for themselves with the first week's savings.

# The Bellows Co.

IN CANADA: Bellows Pneumatic Devices of Canada, Ltd.  
4972 Dundas St., W., Toronto, Ontario

Bulletin CL-50 tells the story of the Bellows Air Motor and the part it is playing in cutting manufacturing costs in hundreds of plants.

Address: The Bellows Co., Dept. BW-1054, Akron 9, Ohio.



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**THIS  
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BOOKLET**



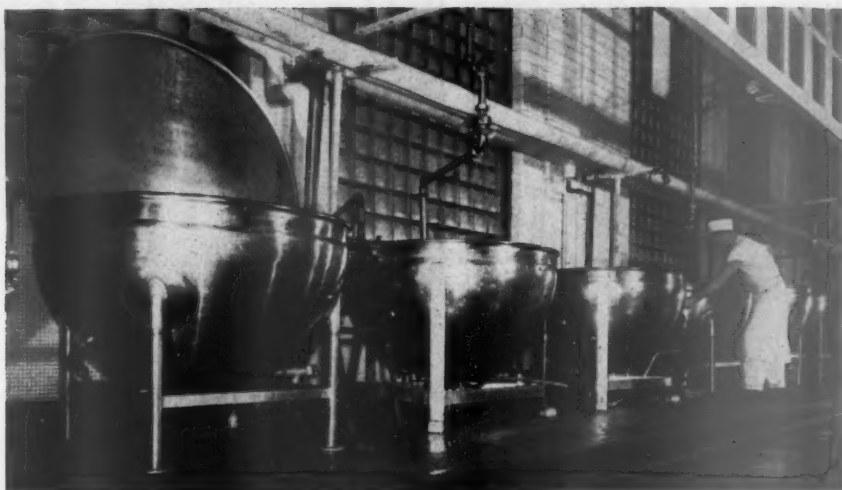
# Only STEEL can do so many jobs



**America's Underground.** The gas industry has truly worked a modern miracle by building a vast network of underground pipelines that carry vital natural gas to almost every part of the nation. Because of it, areas far from the gas fields can enjoy the comforts, conveniences and economies of natural gas. U.S. Steel supplies thousands of miles of USS Steel Pipe for such transmission lines.



obso well



**Soups, Gravies, Vegetables...** that's what they cook in these steam-jacketed Stainless Steel kettles for New York's famous Automats. The use of Stainless Steel means there will be no pitting, no staining, no wear from stirring paddles, easier clean-up... and Stainless Steel is also the best assurance of sanitary food.



**Suspense!** It's always with you when you're drilling for oil. For example, from "Oilwell" Traveling Blocks and Swivels like these are suspended the long strings of rotating steel drill pipe that probe the earth for oil. U.S. Steel is a large producer of steel equipment and cement for oil field use.

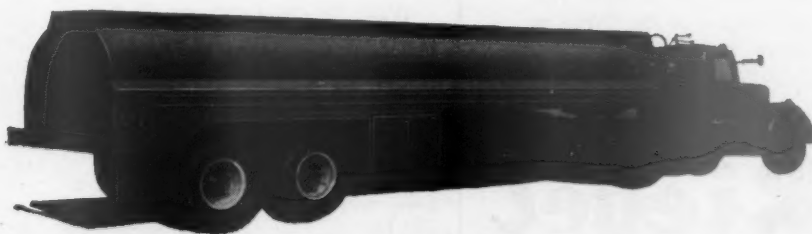
**SEE THE UNITED STATES STEEL HOUR.** It's a full-hour TV program presented every other week by United States Steel. Consult your local newspaper for time and station.



This trade-mark is your guide to quality steel

**Any Concrete Pavement** is stronger and more durable whether super-highway, city street or factory floor... when reinforced with USS American Welded Wire Fabric. This prefabricated reinforcement provides better crack control, is easier to install, takes less steel.

**932 Pounds** of unneeded weight were trimmed off this tanker by the use of USS COR-TEN High Strength Steel. In their place, the tanker carries 155 extra gallons of gasoline. The use of this steel not only makes possible additional payload capacity, but also assures less maintenance and longer life for the equipment.



# UNITED STATES STEEL

For further information on any product mentioned in this advertisement, write United States Steel, 625 William Penn Place, Pittsburgh, Pa.

AMERICAN BRIDGE..AMERICAN STEEL & WIRE and CYCLONE FENCE..COLUMBIA-GENEVA STEEL..CONSOLIDATED WESTERN STEEL..GERRARD STEEL STRAPPING..NATIONAL TUBE  
OIL WELL SUPPLY..TENNESSEE COAL & IRON..UNITED STATES STEEL PRODUCTS..UNITED STATES STEEL SUPPLY..Divisions of UNITED STATES STEEL CORPORATION, PITTSBURGH  
UNITED STATES STEEL HOMES, INC. • UNION SUPPLY COMPANY • UNITED STATES STEEL EXPORT COMPANY • UNIVERSAL ATLAS CEMENT COMPANY 4-2020

# IT'S PAPER



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**PLUS** POLYETHYLENE  
**PLUS** GLOSS COATING  
**PLUS** INK

Protecting the freshness and flavor of top-selling packaged foods has long been a Riegel specialty. Lipton's Soup, for example, uses a lamination of paper, polyethylene and foil...also printed and gloss-coated by Riegel. This is another interesting example of the remarkable range of facilities we can put to work for you. Just tell us what you want paper to do. Write to Riegel Paper Corporation, P. O. Box 250, New York 16.

**Riegel**  
**SPECIAL PAPERS**  
*for*  
**INDUSTRY**

# INDUSTRIES



## Oil Refineries

A year and a half ago, these four states had only a handful of oil refineries.

Now, with new sources of crude from Williston Basin, there are nearly twice as many with five times the daily capacity. Aimed at local markets, the new refineries are giving a new look to the oil industry map, by . . .



## Putting Plants Cl

When Standard Oil Co. (Indiana) dedicates its 900-acre refinery at Mandan, N. D., this week, a new era in refining and marketing operations will open for the vast Upper Midwest—the Dakotas, Minnesota, and Wisconsin (map, above).

• New Trend—Standard's Mandan refinery will have a capacity of only 30,000 bbl. daily—as compared with some refineries near Chicago that range up to 220,000 bbl. But its opening is highly significant to the oil industry for this reason: It symbolizes a new trend by smaller refineries to serve essentially local markets and utilize crude oil from developing sources in the Williston Basin and Canada. This

doesn't mean the area will be self-sufficient—a lot of oil will still move up from Texas via the Great Lakes Pipeline and westward from Chicago by way of Standard's own products lines. But it will mean new and hot competition for existing suppliers.

Crude oil will come to the Mandan refinery through a 156-mi. pipeline from fields in the Williston Basin to the north. The heart of the refinery itself is a compact four-process unit for distillation, catalytic cracking, vapor recovery, and polymerization. The unit will process crude oil into finished products in one continuous operation, without the necessity of intermediate storage. Standard calls this process "refin-



units, in small and medium-sized plants can handle the same job. Other new processes, such as catalytic reformers, can be handled equally well in small refineries. A 500-bbl. reformer, which boosts low octane gasoline into high octane, is virtually as efficient as a 29,000-bbl. unit.

There are other reasons:

- The need for new and extended markets for crude oil sources developed in the Williston Basin and Canada. (The Mandan refinery is expected to stimulate exploration and drilling in Williston Basin, which up to now has had to hold back production for lack of sufficient markets.)

- The increased use of petroleum products in the area, which is putting a strain on existing refinery facilities. The area, with a population of 7.7-million, already consumes nearly 6% of U.S. gasoline production, and well over this in heating oils.

- The remoteness of the region from established major refining centers—it's 600 mi. from Fargo on the North Dakota-Minnesota border to Chicago refineries, better than 500 mi. to Kansas City refineries. This geographical position makes the region a logical refining center.

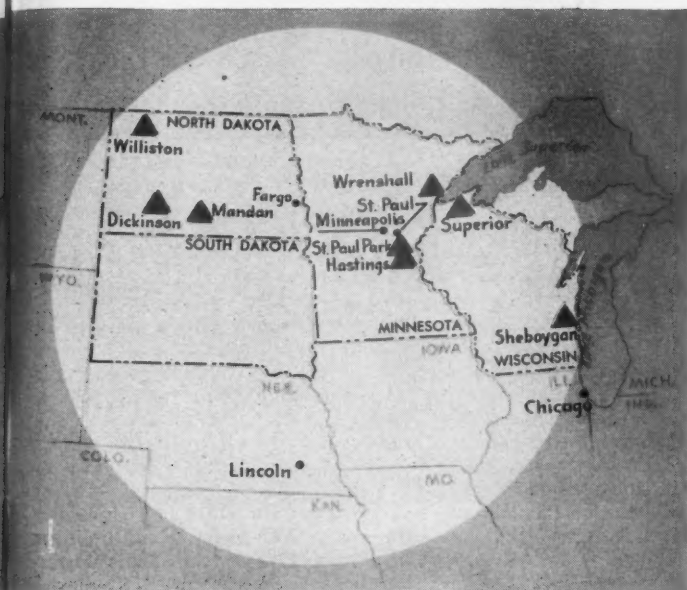
These reasons point up two facts: The area has new crude oil sources, and it has the markets to support small and medium-sized modern refineries.

- **Focus**—All this has made competition one of the hottest issues for the regions' developing refineries. Besides concentrating on small, widely scattered markets in the area, several of the new refineries are already aiming their big guns on Minneapolis and St. Paul, the region's biggest single market, with 1.2-million people in its metropolitan area.

Three companies are now beginning expansion projects. Great Northern Oil Co. is building a refinery with a daily capacity of 25,000 bbl. near the Twin Cities. At the same time, it's preparing to tap crude oil supplies through a 260-mi. pipeline that will tie into an existing line running from western Canada to Sarnia, Ont. Northwestern Refining Co. is expanding its Twin Cities plant, which now has a capacity of 8,000 bbl. a day, to 30,000 bbl. daily. A third operator, International Refineries, Inc., is planning to build a products line that will extend from its refinery near Duluth to the Twin Cities.

Once they're able to supply major markets in the four states, these eight refineries—and others planned for the future—will probably fix their sights on sectional markets in other states.

- **Keeping Up**—While all this expansion is going on, existing suppliers are trying to keep up by improving distribution setups, and by running new products pipelines into the region;



## ts Closer to Markets

ing on the fly." In addition, the plant has 53 storage tanks with a capacity of nearly 2.8-million bbl.

- **Pattern**—You begin to see how Standard's Mandan plant and others like it are changing refining and marketing patterns when you compare the area's former processing capacity with what it is today. A year and a half ago, this region had only four small refineries with a total daily capacity of 20,000 bbl. Today, there are eight refineries operating or under construction, promising a total daily capacity of more than 100,000 bbl.

Last year the four states consumed an estimated 350,000 bbl. of products daily. While this figure can't be com-

pared with the promised 100,000 bbl. capacity of the region's eight refineries—since this figure is for crude oil, not products—it's clear that the region will need shipped-in products for some time to come.

- **Broad Picture**—There is good reason for the shift in the area's refining and marketing patterns, say oil economists. For one thing, recent advances in refining technology now make it possible to construct small but efficient processing units like Standard's Mandan plant. Formerly, catalytic cracking—which produces higher octane gasolines used in modern automobiles—was limited to large refineries. But now smaller, equally efficient cat cracking



SINCE 1871

MANUFACTURERS  
OF PRECISION  
METAL PRODUCTS

ORDNANCE  
and CIVILIAN

  
**HARRINGTON  
& RICHARDSON  
INC.**

WORCESTER 10,  
MASSACHUSETTS



### Rhode Island Electrical Repair Company Finds KLIXON Protectors Reduce Motor Failures

PROVIDENCE, Rhode Island: Mr. Arthur C. Warner, J. & H. Electric Company, specialists in motor and electrical equipment rebuilding, is emphatic about the advantages of Klixon protection. He writes:

"Our experience repairing motors in which Klixon Protectors have been properly installed has been very favorable as proven by the reduced number of motor failures due to overload and voltage conditions."

The KLIXON Protector, illustrated, is built into the motor by the motor manufacturer. In such equipment as refrigerators, oil burners, washing machines, etc., they keep motors working by preventing burnouts. If you would like increased customer preference, reduced service calls and minimized repairs and replacements, it will pay you well to ask for equipment with KLIXON Protectors.



Manual reset

**KLIXON**

METALS & CONTROLS CORP.  
SPINER THERMOSTAT DIV.  
2610 Forest Street  
Attleboro, Mass.

Great Lakes Pipe Line Co., which transports products from Oklahoma and Kansas to Midwest farm states, has already added 714 mi. of pipeline to its system, Three oil companies—Cities

Service Co., Pure Oil Co., and Texas Petroleum Co.—are also cementing their market position by building a 195-mi. products line from Madison, Wis., to Chicago's refining area.

## The Battle of the Supply Lines

### SKIRMISH 1:

Riss & Co., trucker  
vs  
State of Ohio

Trucker fights for  
right to operate in  
the state.

### SKIRMISH 2:

Riss & Co.

vs

84 railroads

It claims railroads  
are behind Ohio's  
attack



## A THREE-WAY FIGHT WITH . . .

# Ohio in the Middle

A four-year-old cold war between truckers and the state of Ohio turned spectacularly into a hot battle last week. Riss & Co., Inc., the nation's largest regular route motor carrier, fired a \$90-million damage suit at 84 railroads and four railroad associations (BW—Sep. 25'54,p34). The suit followed the lines of one filed last year by the Pennsylvania Motor Truck Assn. against 31 railroads for \$250-million.

Riss is the first individual company to take such a step. It claims that if its trucks are cut out of Ohio (east-west route funnel—see map), its \$30-million-a-year business based in Kansas City, Mo., will collapse. Last year, Riss hauled 846,691 tons of freight over 63.9-million miles—much of it through Ohio.

• **Conspiracy Charge**—The suit charges that the railroads "conspired and combined" as a unit to persuade the Public Utilities Commission of Ohio to run Riss off the roads. Other states were also mentioned in the lengthy brief.

Riss claims that it was chosen out of 15 major motor carriers to take the rap in the original fight, which involved PUCO, the Interstate Commerce Commission and, indirectly, the railroads and several politicians.

• **Beginning**—It all started in 1950 when PUCO filed a complaint before itself to revoke the rights of Riss and 14

others as interstate carriers for "willful and flagrant offenses against highway and safety laws." The cases were taken to the Ohio Supreme Court, which ruled that PUCO did not have jurisdiction.

PUCO then went to the ICC in 1952 to single out Riss (the commission dropped the other 14 complaints) for nearly 700 highway violations in little more than a year. Many of the violations did not involve ICC regulations, and about two-thirds were thrown out. Those that remained are still being weighed by ICC.

• **Discrimination?**—Robert B. Riss, the company's president, claims that his drivers were charged with only a few violations in the four-year period prior to the PUCO "onslaught." After that, they "mysteriously" received nearly 700 tickets, even after Riss had its best two years of safety records (attributed to \$14-million in new equipment).

Riss also claims that a great portion of the violations were for such minor things as having stickers on the wrong windows and having fire extinguishers partially empty.

A PUCO spokesman explains the sudden surge of tickets by saying that the laws were simply "not enforced" prior to 1950.

The "harassing" actions started in earnest in 1951, according to Riss,



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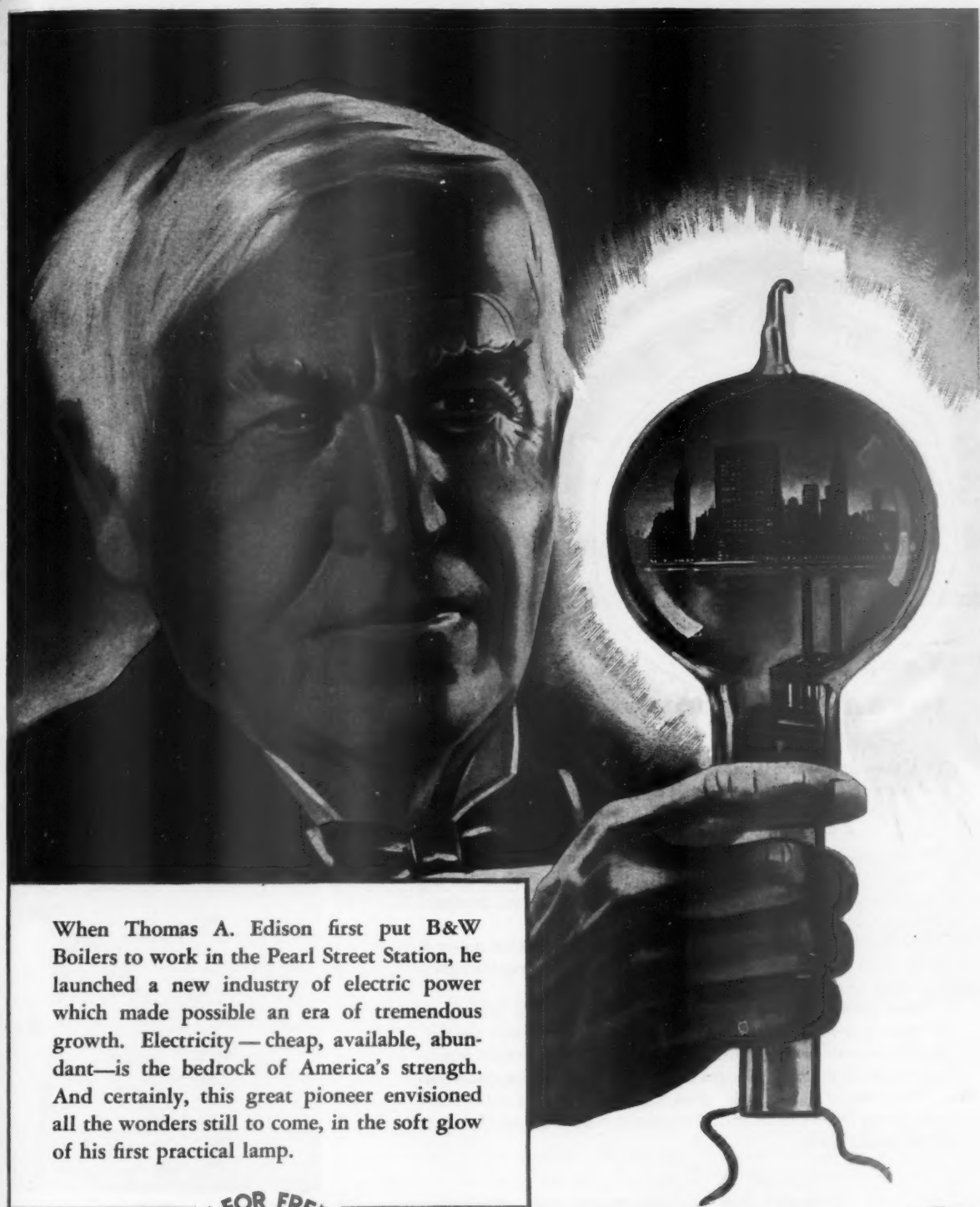
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When Thomas A. Edison first put B&W Boilers to work in the Pearl Street Station, he launched a new industry of electric power which made possible an era of tremendous growth. Electricity — cheap, available, abundant—is the bedrock of America's strength. And certainly, this great pioneer envisioned all the wonders still to come, in the soft glow of his first practical lamp.



N-187



## Knoxville... seven-state power capital

TVA, the vast power system that supplies power to most of Tennessee and parts of Alabama, Mississippi, Georgia, Kentucky, Virginia, and North Carolina has its headquarters in Knoxville.

From here is controlled the distribution of power to more than 150 municipalities, cooperatives and private companies.

Typical of these is the Knoxville Utilities Board which in the last four years alone has had an increase of over 82% in power consumption. *TVA continues to grow!*

Harnessing a river's energy for conversion into electrical power is a big job. A big job, too, is the distribution of the power through a constantly growing interstate web of wires and cables.

Many power companies specify Rome wire and cable because it's designed to give top quality service. Rome Cable engineers are constantly improving existing sheathing and insulation materials, searching for, and testing new designs for thousands of cable applications.

"The Story of Rome Cable" gives you a quick picture of the many ways Rome helps your electrical engineers. Send for your free copy of this useful book.

"LIGHT FOR FREEDOM—POWER FOR PROGRESS"  
This is the Diamond Jubilee of Edison's invention of the incandescent lamp. Rome Cable is proud to pay tribute to his great genius.



**ROME CABLE**  
*Corporation*  
ROME • NEW YORK  
TORRANCE • CALIFORNIA

## "...the truckers' complaint backfired when Ohio imposed the axle-mile tax..."

OHIO starts on p. 134

when his company applied for a permanent permit to carry munitions. It is now operating under a temporary permit which it has held since World War II. The permit is still being considered by ICC. Riss claims that the railroads solicited PUCO to take action against the truckers when they started to take away the lucrative munitions hauling business.

• **Road Fight**—Motor haulers and the state of Ohio have been at each other's throats for years. The main bone of contention has been the condition of the primary highways. Former Gov. A. V. Donahey went into office on the promise that he was "going to get Ohio out of the mud." This he did by spending millions on secondary rural roads. Ohio officials now say their secondary roads are the best in the nation—but the truckers retort that the main highways are among the worst. Truckers claim that more money spent on the main roads would make everybody happier and do much to quiet some of the public clamor.

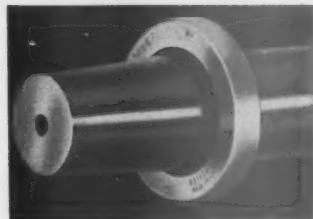
This complaint backfired when Gov. Frank J. Lausche pushed for an axle-mile tax, which would collect 1¢ to



## Diving for Oil

Capt. J. Y. Cousteau, the French naval officer who pioneered the aqualung, has turned to oil exploration. Cousteau will conduct underwater explorations in the Persian Gulf for D'Arcy Exploration Co., the prospecting subsidiary of Anglo-Iranian Oil Co. Here he watches lowering of instruments from the research ship Calypso.

# MACHINERY



Oil seals are steel-encased leather or synthetic rubber units that fit accurately around shafts. They seal lubricants in and foreign matter out of vital bearings and assemblies.



Seals have to be precision made of quality materials to stand up under unusual driving conditions and the gruelling tests on car manufacturers' proving grounds. Excluding water is just one vital thing National seals do.



**SAFE DRIVING TIP:** Regularly, and before vacation driving, have front wheel bearings repacked and new grease seals installed. New seals cost little, keep grease off brake linings, lengthen bearing life, and help insure smooth, safe front wheel operation.



Original equipment on cars, trucks, buses, tractors, agricultural and earth-moving equipment, railway rolling stock, machinery and appliances.

## Automation: magic warehousing, too?

In the "automatic" days to come, rolling robots will fill the order, label it and load it—all at the bidding of a punch-card many miles away. Such machines will be thrice complex. Yet, as today, they will have in generous measure that characteristic which makes American machinery world-famous—rugged dependability.

An important way engineers achieve dependability is by extensive use of oil seals to protect bearings and extend their life, keep lubricants in place, keep dirt and water out.

National pioneered and developed oil and grease seals. We've made millions of them for machines and appliances, off-highway equipment, railway locomotives and cars—and hundreds of millions for America's truck, bus and automobile fleet. Today we can offer you over 2,500 different standard-design seals—a wide selection of types and sizes, with sealing members of leather or famous National Syntech® synthetic rubber. We also design and manufacture special seals for special problems.

### NATIONAL MOTOR BEARING CO., INC.

General Offices: Redwood City, California. Sales Offices: Chicago, Cleveland, Dallas, Detroit, Downey (Los Angeles County), Milwaukee, Newark, Van Wert, Wichita. Plants: Redwood City, Downey and Long Beach, California; Van Wert, Ohio. Products: Syntech® and Leather, Oil, Fluid and Grease Seals, O-Rings, Airtron® Ducts, Silicone parts, Shims.

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## **WAX WORKS...**

Until a few decades ago, the principal users of wax were the candlestick makers. Today's diversified demands for wax put it in the class of modern industrial miracles.

Go into a super-market . . . see how wax works in the packaging and protection of milk and dairy products, cereals, bake goods, frozen foods. Think of its use in drug and cosmetic products . . . cups, crayons and carbon paper . . . polishes, preservatives and paper matches . . . And the number of industrial applications defies accurate calculation.

## **TOO BIG FOR BEES...**

The ancients knew the physical properties of wax . . . and bees supplied the raw material. What then spurred this century's growth in production to more than a half-million tons a year?

The answer lies partly in the petroleum industry's desire to find more profitable applications for one of its products . . . partly in the desire of other industries to improve their processes and products.

## **AMERICA WORKS LIKE THAT...**

Here, industry is paradoxical. It is independent, yet dependent . . . cooperative, yet competitive. It strives to make more money, yet is always seeking ways to keep costs and prices down.

And, to further these aims, management relies on the constant flow of information available through America's all-seeing, all-hearing and reporting Inter-Communications System.

## **THE AMERICAN INTER-COM SYSTEM...**

Complete communication is the function, the unique contribution of the business press . . . a great group of specially edited magazines devoted to the specialized work areas of men who want to manage better, design better, manufacture better, research better, sell better, buy better.

## **COMMUNICATION IS OUR BUSINESS...**

The McGraw-Hill publications are a part of this American Inter-Communications System. As publishers, we know that businessmen subscribe to—pay for—McGraw-Hill magazines edited for their specific business interests by editors who are specialists in analyzing, interpreting and reporting worthwhile ideas.

As publishers, we also know that advertisers consistently use the pages of our magazines to feature the products and services they offer in the interest of increased efficiency and lower production costs . . . for the editorial pages tell "how" and the advertising pages tell "with what."

## **McGRAW-HILL PUBLISHING COMPANY, INC.**



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HEADQUARTERS FOR BUSINESS INFORMATION



A fresh experience for you from *Friden*:  
**NATURAL WAY ADDING** on the *first* Adding Machine  
 to fit and pace the human hand...the *first* American  
 10-key Adding Machine to show you actual  
 items before they are  
 printed on tape  
 or added...



—JUST PUT YOUR HAND ON IT

...to feel how  
 each finger falls into natural  
 working position on the new,  
 patented Friden keyboard  
 (right or left hand) for  
 quicker, surer key selection.  
 Less hand movement and  
 fewer operator decisions are  
 required than ever before on  
 a 10-key adding machine!



#### Check Window

above keys "reports" to your  
 eye the actual items entered on  
 keyboard...permitting any de-  
 sired change before figures are  
 printed or added. Now you can  
 see what you're adding, work  
 more quickly and accurately!

Convenience features never before com-  
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 ample: **Clear Signal** prints automatically  
 on tape with first item following a total  
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 by depressing bars—no space strokes re-  
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 labeled, give direct "live" response. Ask  
 your nearby Friden Man to bring in one  
 of these machines for you to try. Friden  
 sales, instruction and service available  
 throughout the U.S. and the world.  
**FRIDEN CALCULATING MACHINE CO., INC.**,  
 San Leandro, California.

A PRODUCT OF **Friden** ...CREATOR OF THE FRIDEN  
 FULLY AUTOMATIC CALCULATOR  
 THE THINKING MACHINE OF AMERICAN BUSINESS

24¢ on the number of axles multiplied  
 by the number of miles traveled. Truck-  
 ers howled that this was a "third struc-  
 ture" tax (they were already paying on  
 gasoline and registration). It was hoped  
 that the tax would bring in \$22-million  
 for new roads, but so far only \$8.6-mil-  
 lion has been collected.

An industry spokesman said 15 motor  
 carriers left the state and five have gone  
 bankrupt. He claimed the state lost  
 \$11-million in other taxes while collect-  
 ing only \$8.6-million from the truckers.  
 Because Ohio was charging out-of-state  
 trucks the axle-mile fee, several other  
 states countered by stopping reciproc-  
 ity (free travel without extra licenses),  
 making it even more expensive for  
 motor carriers that had to buy a string  
 of plates.

• **Rail Tinge?**—Charges and counter-  
 charges have been flying since the Riss  
 suit was filed. Truckers accused Gov.  
 Lausche of being "biased" because he  
 once was a vice-president of the execu-  
 tive council of the Federation for Rail-  
 way Progress. Lausche says that the  
 office was an honorary one paying no  
 salary.

As participants rolled up their sleeves  
 this week for more in-fighting, lawyers  
 were working overtime, brewing legal  
 motions. Railroaders named in the suit  
 claim the whole thing is "just a pub-  
 licity stunt" whipped up by Riss to get  
 a following in the Ohio squabble.



### Five-Nation Show

This Comet car, built by Ford of  
 France, is a feature of the five-nation,  
 one-company automobile and truck  
 show that has opened in the Dear-  
 born Rotunda of the Ford Motor Co.  
 The company believes this is the first  
 such international auto show ever put  
 on in the U.S. by one company. Actu-  
 ally, the Dearborn show includes models  
 manufactured in the U.S., Britain,  
 France, Germany, and Canada.

irrigation just grows and grows . . .

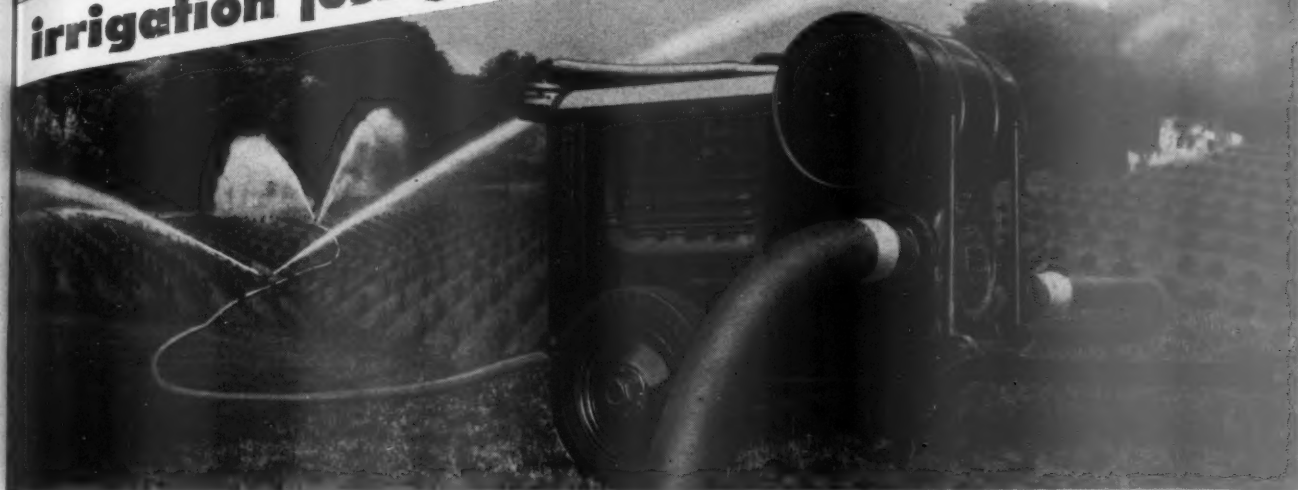


PHOTO COURTESY GORMAN-RUPP COMPANY, MANSFIELD, OHIO

## gallons of water for thirsty acres with modern, thrifty **CHRYSLER V8** hemispherical combustion

With irrigation, every farmer and grower can virtually assure himself a record crop *every* year. The investment in pump, pipe and sprinklers pays for itself in a surprisingly short time.

Here is a Gorman-Rupp single-stage centrifugal pump designed especially for portable pipe irrigation systems. It is drawing 850 gallons of water per minute from the river to irrigate several acres of corn. To maintain this gallonage at 130 pounds pressure, its 331 cubic inch displacement Chrysler Industrial Model 24 V8 Engine is turning at only 76 per cent of its maximum governed speed.

Like other leading manufacturers, Gorman-Rupp picks the Chrysler Power that will match its equipment requirements. For example, smaller pumps are powered with Chrysler Model 30 and 16 Engines which deliver ample power for those units; but, since this Model 55M Pump was designed for high capacity pumping, Gorman-Rupp installs the 180-horsepower Chrysler Industrial Model 24 V8 Engine. Result of using this modern short-stroke, low friction engine: High water volume *plus* outstanding operating economy.

Regardless of the type of equipment you manufacture, if it requires industrial power within our 230 to 413 cubic inch displacement range, there's an economical power-proved Chrysler Industrial Engine to meet your

requirements, and a long list of optional equipment items with which your engines can be factory-equipped for *better* specialized performance.

And remember, Chrysler Power is not expensive. Production-line methods adapted to specialized industrial engine building provide a custom-built engine at mass-production prices.

Before you install any engine, see a Chrysler Industrial Engine Dealer or write for detailed information: Dept. 110, Industrial Engine Division, Chrysler Corporation, Trenton, Mich.



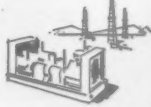
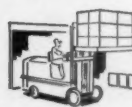
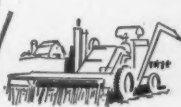
## **CHRYSLER** *Industrial Engines*

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HORSEPOWER



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**Has Shown  
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The MORRISON PLAN enables  
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A Service of  
**INTERNATIONAL RAILWAY CAR CO.**  
Rand Building, Buffalo, N. Y.

If you care for your secretary



A tired steno costs more than a good  
posture chair. Write for literature on new  
Royal posture chairs.

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**ROYAL METAL MFG. CO.**

175 N. Michigan Avenue, Dept. 410, Chicago 1  
In Canada, address Galt, Ontario

Your only single source for over 150 metal furniture items

## LOCAL BUSINESS



### BOSTON BUSINESSMEN TALK ABOUT . . .

#### Trouble Working Overtime

The elements and manmade mixups  
have certainly got the better of this  
city lately.

First, hurricanes Carol and Edna  
scrambled power lines (picture). The  
juice went off, and everyone in the  
suburbs was all set to buy a portable  
generator. So many home gadgets de-  
pend on electricity—you don't realize  
this until you've been hit by the full  
force of one hurricane and the back-  
lash of another. Portable generators  
looked like the answer, but utility ex-  
perts warned that they must be tested  
weekly to be in proper working shape  
for an emergency.

Another tempest (manmade this  
time) blew in right after the hurri-  
cane. Its origin dates back to last  
spring. In a capricious mood, the leg-  
islators of Massachusetts passed a bill  
extending daylight saving time for five  
weeks beyond its normal cutoff. The  
bill sat on Gov. Christian A. Herter's  
desk, undisturbed for five days. No  
one squawked—not even a lobbyist.  
Then radio and TV stations, railroads,  
and airlines suddenly awoke to what  
had happened. But it was too late;  
the bill had become law, and Massa-  
chusetts time would march out of step  
with the Union (except for Rhode

Island, New Hampshire, Maine, and  
parts of Vermont—under extended day-  
light time to follow Massachusetts).


The New Haven RR put this ad in  
local papers to sooth addled com-  
muters: "It's confusing . . . we've got  
two times on our hands." The railroad  
had to print special timetable inserts,  
advising riders that they should "merely  
add one hour to the time as shown in  
the timetable."

Looking at matters from the good  
side, you can reach New York City  
from here at the speed of light. If you  
fly (with a firm tailwind), you can  
arrive at LaGuardia Airport before you  
take off from Boston. To perform this  
trick you simply adjust your watch to  
New York's Eastern Standard Time.  
The return trip is not so good—it  
figures out to two hours.

Few business people are complain-  
ing about the confusion. If anything,  
most are laughing. At home, though,  
they complain about seeing New York  
TV shows running late. Mail deliveries  
are one hour off.

What's the point of more daylight?  
Ask the happiest man in the city  
(general manager of the Automobile  
Legal Assn.) and he says: "From the  
standpoint of highway safety alone,





Nobody likes a dirty wiper

...Another good reason  
for switching to  
**Scott Wipers!**

Because a clean, fresh one is always available—Scott Wipers provide a constant source of clean chip-free wiping material.

Scott Wipers are sanitary and disposable. They greatly reduce the costly scratches and digs in finished work caused by chips lodged in wiping materials. They end the laundering problem and simplify distribution and control.

Scott Industrial Wipers are two-ply and tough yet soft and absorbent. Compare them with whatever wiping material you're using now—for cost, for convenience, for performance.

The Scott representative or distributor in your area will be glad to help you set up a production line demonstration in your plant. Call him or mail this coupon today.

Scott Paper Company, Dept. BW-1, Chester, Pa.  
Please send me full information on Scott Industrial Wipers.

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

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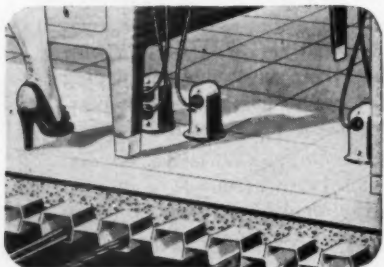
## Renting Office Space?



When placing electric and phone outlets, you'll avoid the costly mess shown above if you make sure the building has Q-Floors!



As seen above, when Q-Floor is underneath, outlet changes are clean and quick and available every six inches. An electrician simply drills a hole and fishes the wires through the cell below.



Q-Floor is the lightweight, strong, steel, cellular sub-floor with concrete on top for leveling and fire-proofing purposes. It is used in the finest modern buildings to save time and money and prevent obsolescence in the years to come due to lack of electrical availability. Always be sure the office space you rent has Q-Floors. Write for literature.

Save time and money with

## Q-Floor

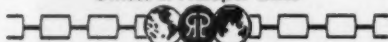
a product of

**H. H. Robertson Company**

2437 Farmers Bank Building

Pittsburgh 22, Pennsylvania

Offices in Principal Cities



it would be a wonderful thing if every state in the country adopted the extension. The fateful first hour of darkness on our roads would be postponed on a national scale, and the accident rate would go down for all instead of a fortunate few."

Now another problem has come up. Most Bostonians believe the daylight extension will be repealed next year, and the time tempest will be over; but you can't repeal hurricanes. More of nature's tempests such as Edna and Carol are expected, and these are causing an increasing headache for utility companies. Power and telephone lines always go down during hurricanes—no matter how firmly attached to poles. This year the utilities were lucky. Out-of-state teams of linemen came to the rescue, and service was restored in a few days. But next year the linemen might have to stay in their own states to fix their storm-torn wires.

Many complaints have reached the legislature—a lot of them urging underground power lines. The public doesn't know the facts, the utilities say. They argue that (1) Massachusetts has approximately 10,000 miles of overhead lines; (2) at a cost of up to \$211,000 per mile, it would cost nearly \$2-billion to put these underground; and (3) rates would then increase five-fold.

Meanwhile, some businessmen are wondering if it would be better to live in the city. They're tired of chopping up trees blown down by hurricanes, and many front yards are still piled with debris. This is a time when leases change hands in Boston, and it's a good time to pick an intown spot. But parking in Boston (\$30 a week for a garage) is a problem. There is no room on the streets, and police are tough with tickets.

Suburbanites are swarming into the city more than ever now to shop and see the new crop of fall shows. This makes parking almost impossible. The Shubert Theater is really crowded. It is showing the Behrman-Logan musical *Fanny* with Ezio Pinza and Walter Slezak. Reviews so far are not so enthusiastic as the bulging box-office figures.

Downtown insurance offices are also getting a big play. So far there have been 151,752 hurricane damage claims, and agents are practically working round the clock to break the jam.

## Close Shave

**PORTLAND, ORE.** — A barber may cut hair at midnight if he so desires, the Municipal Court decided last week. Judge John J. Murchison ruled that fixing the opening and closing hours of a barbershop is unconstitutional.

No one had paid much attention to

the barber's hours until an obscure ordinance limiting working hours to the period from 8 a.m. to 6 p.m. was unearthed. One barber was upset by his competitor's habit of "shaving at dawn" to get the early risers, and he had police place charges. But Judge Murchison held that the time limit was an unconstitutional invasion of the barber's right to earn a living. He said the law was "unreasonable" and had no particular relationship to the health, safety, and welfare of the people.

In reading his opinion the judge referred to another barbershop squabble that went to the state supreme court. In that case the high court held that legislation fixing minimum prices in barbershops was unconstitutional.

## Wrong Way Signs

**OMAHA** —Most motorists are pleased with the new shift to a one-way street system downtown. But display advertisers are losing thousands of dollars trying to twist their signs around to face the flow of traffic.

The Union Pacific RR's sign, a four-story affair outlined in red, white, and blue neon tubing, now burns brightly to an unseeing audience. So does a five-story billboard inviting tourists to stop at Hotel Fontenelle. Both were erected to catch the eyes of travelers coming down Dodge Street, Omaha's main western gateway. But traffic goes up Dodge Street now.

General Outdoor Advertising Co. estimates that changing these two signs would cost \$30,000. Other firms' signs brought the total figure to \$70,000. Some signs cannot be reversed because of surrounding buildings.

## Shine That Jalopy

**HONOLULU** —Prices of used cars (contrary to mainland slumps) may soar as much as \$200 during the next few months. The cause: arrival of the 25th Division of the U.S. Army. Troops are expected to provide a market for approximately 2,000 used cars.

The wholesale supply to used-car dealers from new-car dealers is tight—which is said to indicate a tendency of new-car men to hold onto trade-ins in anticipation of soldier demand instead of wholesaling their used-car stock.

But the first GI's to arrive on the island have not gone out on any wild shopping sprees. They are good shoppers and have demonstrated definite price consciousness in their dealings with the car traders. As more men arrive with their families, however, even the good shoppers will have to take what they can get at the dealer's prices.

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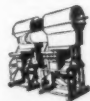
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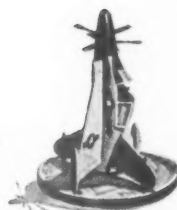
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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

OCT. 2, 1954



Western unity is being reforged in London this week.

The London conference almost certainly has found a way to rearm Germany that Premier Mendes-France can accept. That's been largely due to the skillful diplomacy of Foreign Secy. Anthony Eden (page 29).

To achieve this Eden has put Britain back into European affairs in a big way. He has virtually agreed to revive the old British-French entente—which means that the Western alliance is taking on a somewhat different shape.

The change became inevitable when Britain and France decided to revive the Brussels Treaty to replace the European Defense Community.

In the new Brussels Treaty Organization, Britain officially commits itself to defend West Germany as well as France, the Benelux countries, and Italy.

But London's real commitment is to hold the balance between France and Germany. What's more, it's likely that Britain and France will now speak with the same voice when it comes to relations with Russia.

Under the European Defense Community, Britain would not have played this role. Its commitments in Europe were supposed to be about the same as ours.

It's too soon to say whether France will buy the London solution.

It may be December before the French parliament debates the issue. Before that, the whole question has to be thrashed out again in the North Atlantic Treaty Organization.

Meanwhile Moscow will undoubtedly try to torpedo the London plan by calling it a threat to peace. The Russians may also make a strong bid for a new conference on German unification.

—•—

Washington plans to step up economic aid to the free countries of Asia. U. S. officials feel that this has become necessary if the Communists are to be stopped.

But Administration officials are of two minds as to the best approach.

One group wants to build a new economic organization around the Southeast Asia Defense Treaty. But there's a flaw in this plan. SEATO includes only two mainland Asian states and is viewed with suspicion by neutrals like India and Burma.

A second group wants the U. S. to back the Colombo Plan—the Commonwealth economic and technical assistance program for South Asia. This would have the advantage of coordinating American-British aid policies in this area. But Congress might frown on passing out funds for a Commonwealth affair, especially one in which India has such a big say.

The issue may clarify in next week's Colombo Plan meeting in Ottawa.

The U. S. is sending a top drawer delegation headed by Harold Stassen, Foreign Operations Administrator, to the Canadian capital.

Stassen's job is to sound out the Commonwealth countries, see if U. S. aid can be meshed effectively with their plans.

# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**

**OCT. 2, 1954**

**It's possible that no final U. S. decision will be made until after Prime Minister Nehru's upcoming visit to Peking.**

There's no doubt that Chou En-lai, Red China's Premier and Foreign Minister, aims to get Nehru's support for a series of nonaggression pacts linking Peking with India, Indonesia, and Burma.

**If Nehru plays along, the U. S. Congress will view it dimly. That could easily kill any chance of U. S. participation in the Colombo Plan.**

**The chances are, though, that Nehru will go slow on this one.**

For one thing, Premier Nu of Burma won't be taken in by Chou En-lai's scheming. Before he signs anything, he'll demand real guarantees against Communist infiltration in Burma. And that's something Peking won't ever give.

For another, Premier Ali of Indonesia is meeting bitter opposition at home on his policy of cooperating with Red China.

—●—

A lot went on around the fringes of the International Monetary Fund meeting in Washington (page 27). One of the urgent topics of behind-the-scenes talk was Brazil.

**Finance Minister Eugenio Gudin hinted to American officials that Rio de Janeiro would like a U. S. loan to tide it over. Pres. Joao Cafe's new government inherited a desperate financial situation from the late Getulio Vargas. Foreign exchange earnings dropped to a trickle; Vargas' printing press money and wage boosts-by-decree sparked a further round of inflation.**

**Washington wants to help. It thinks the Cafe administration is the most realistic Brazil has had for a long time, or is likely to have in the near future.**

**But there's a hitch: Rio is already staggering under its burden of external debt—over \$1-billion. Even with merciless cuts in imports and credit it's hard to see how Brazilians can swallow any more obligations now.**

**Brazil's congressional elections this weekend are crucial.**

Washington has its fingers crossed, hoping that Cafe can rally a working majority. A hostile congress, observers believe, could hamstring Cafe and Gudin's efforts to salvage the sputtering Brazilian economy.

—●—

**The World Bank has come close to fulfilling the role set out for it at Bretton Woods—that of mobilizing capital on a world scale and stimulating private international investment.**

**The Bank reported this week that investors outside the U. S. had taken up over 60% of the bonds it sold in the past year. Roughly 40% of the \$1.9-billion loaned since the war has originated outside this country.**

Direct private participation in the Bank's lending activities rose sharply. Private investors bought (or directly took part in) \$34-million worth of obligations from the Bank's portfolio during the year. And some 80% of that was not covered by Bank guarantees.

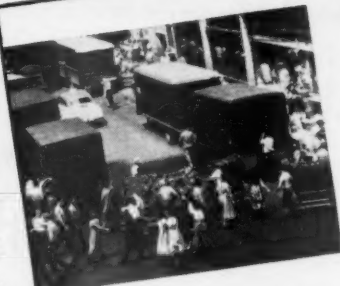








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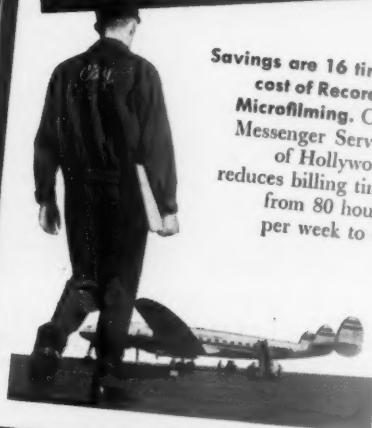
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## BUSINESS ABROAD

# Steel Mill with Strings Attached

● Moscow has offered to build a 500,000-ton-a-year mill for India, on terms no Westerner could match.

● If India accepts, and Moscow follows through, the result will probably be a more friendly feeling for Russia in many parts of the world—perhaps even Latin America.

● A secondary result may be an accelerated shift toward nationalization of Indian industry.

In the bitter East-West rivalry for the affections of underdeveloped countries, the West has always had one big advantage: its monopoly in supplying capital goods and industrial knowhow.

Now, Moscow is making a determined effort to break this monopoly.

The Russians have picked India for their first big push. They have offered to build for Prime Minister Nehru's government a 500,000-ton-a-year steel mill (BW—Sep. 18 '54, p164), on terms that private interests in the West can't hope to match. Nor is that all. Moscow is letting India, hungry for industry, savor the possibility of an assembly plant for Russian automobiles. Soviet technicians are on hand, ready to install Russian-built machinery in a new Indian diamond mine. A group of Indian industrialists is now touring Russia.

• **Meaning**—These strategic maneuvers, of which the steel mill offer is the major effort, are part of a Russian drive to convince underdeveloped nations that it pays to do business with the Communist bloc.

If the steel mill offer is genuine, and if Nehru accepts it, neutralist sentiment in India and throughout Southeast Asia will undoubtedly grow. Furthermore, Russia will probably be able to give the West tougher economic competition in these areas—perhaps also in the Middle East and even Latin America.

• **It Fits**—The Soviet mill offer fits neatly into Indian steel plans. The country now has a total annual capacity of 1.2-million tons—most of it in the plants of the huge industrial combine controlled by the Tata family, and of Indian Iron & Steel Co. An additional 500,000 tons of capacity is to be built for the Indian government by the German firms Krupp and Demag.

But Indian planners want to add still another 500,000 tons, as soon as possible—as part of the Second Five Year Plan, which gets under way in 1956.

Private interests in India, led by the brothers G. and B. M. Birla (who con-

trol India's other big industrial combine), have been trying to raise the capital for this second new plant. Early this month, B. M. Birla, president of the Indian Chamber of Commerce, was in Britain to see what financial support he could get. His brother went to Germany and then came to the U.S. In the midst of these negotiations, the Russians sprang their proposal.

• **The Offer**—The deal Moscow offers is one of the most spectacular ever made in the history of capital export. The Russians say they will provide about \$75-million worth of equipment, with repayment spread over a 15-year period at only 2% to 2½ annual interest. Ownership and management is to be exclusively Indian.

The Kremlin is not asking for stock in the enterprise, nor for a percentage of production for export to Russia. All construction costs except Indian labor and raw materials are to be borne by the Russians. Furthermore, Moscow promises the plant can be operating in 18 months—even before the German-built plant already scheduled.

• **Philosophy**—Acceptance of the Soviet proposal would mean that within two years half of India's steel production would be in government hands. The Russian deal, therefore, would be a victory for those Indians supporting nationalization of all heavy industry.

The Soviet offer has rekindled the perennial argument in India between the advocates of private capital and state capitalism. Minister of Commerce T. T. Krishnamachari favors the private enterprise approach. Minister of Production K. C. Reddy and Minister of Food Supply Rafi Ahmed Kidwai are plumping for state ownership.

If the advocates of state ownership win in steel, the control of such a large part of India's basic economy by the government is likely to accelerate the move toward government ownership.

Nehru's general economic policies have already started the trend; they

have hastened the end of the vast private fortunes that, in the past, have been the main domestic source of capital for India's industrial buildup.

• **The Counteroffensive**—In Washington this week, a group of men got together to forestall the trend—to keep private enterprise flourishing in India. The men were Indian financial leaders, British and American investors, representatives of the World Bank and the U.S. government.

Present plans call for setting up an Indian Development Finance Corp. with an initial capitalization of \$35-million. Indian investors will be asked to raise \$7-million through the sale of stock. British investors will put up \$2-million, Americans \$1-million. The U.S. Foreign Operations Administration will contribute \$15-million in Indian rupees, and the World Bank is expected to approve a \$10-million loan. The new corporation will be able to make equity investments and is expected to act as a funnel for foreign capital in Indian industry.

• **China**—But whatever is accomplished in Washington, the Soviet steel offer and the drive it spearheads jibes with Nehru's political program. It also jibes with Nehru's feelings toward China.

India is worried about China's industrialization program. Nehru has reportedly told intimates that his country must not be allowed to fall behind in the struggle to modernize Asian economies. It is no accident that India's goal of 6-million tons of steel annually by the end of the Second Five Year Plan in 1961 is the same as China's target.

In this light, Russia's steel mill offer probably looks inviting to Nehru. The Chinese, straining to increase their own steel production as part of a widespread industrialization plan, can only see the Russian offer to India as a diversion of what might have gone to them. Apparently Moscow is prepared to risk Peking's displeasure for the friendship of New Delhi. Perhaps, too, Moscow is telling the Chinese that India could be set up as their rival for Asian supremacy—a move to keep Peking in line.

• **Clues**—Some observers find even more clues in the mill offer—clues to internal goings-on in Russia. They think the offer indicates that current Russian steel production is sufficient to meet domestic demands, and that Russia is reducing output of traditional armaments (which are greedy for steel) in favor of an atomic strategy.



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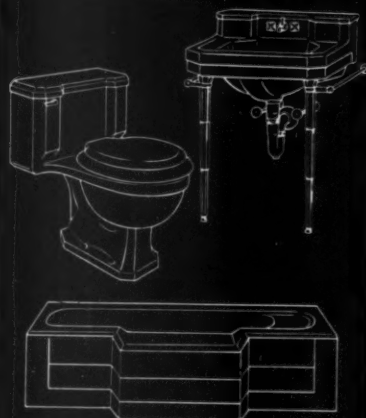
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## West Berlin Boosts Itself

Reviving city opens industrial fair . . . More outside businesses expand in Canada . . . Cuba gets a ferry, and dreams grandiosely.

The Leipzig Fair, show window of Communist industry, has come and gone (BW-Sep.18'54,p168). Now West Berlin is onstage, with the Fifth German Industrial Fair opening there last week.

West Berlin is clearly doing better. The Soviets have relaxed their siege of the city; West Germany's government and its business community especially are taking a bigger role in Berlin affairs. Three conventions, plus an arts festival, have been running this month along with the fair.

Berliners aren't out of the economic woods yet, to be sure. The city's production index lags far behind the Federal Republic's; unemployment is still 228,000. Idle industrial capacity cries out for more orders. The only industry to regain prewar prosperity is clothing, though electrical, heavy machinery, optical goods manufacturers are doing an improving trade.

Still, many Western customers continue to fear Soviet confiscation of outbound Berlin shipments, hesitate to buy. That's despite the fact that Soviet interference has almost ceased.

• **Plus Patriotism**—The Berlin fair urges West German businessmen to keep up their city contacts, because "one day Berlin will resume its old role in Germany." Some 350 companies from 26 Western nations have heeded the call and come to the fair.

The Berlin exposition is staged with East Germans in mind, too. The chemical industry, for example, stresses social aspects of Western life in a display called "The Human Being in the West German Chemical Industry." In language and construction it reminds you of exhibits at Leipzig—an intentional effort to show up the Communists at their own propaganda game. The U.S. is in on the show with an exhibit at Marshall House of all peaceful uses of atomic energy.

## Come to Canada

Belgians, Germans, Americans are expanding their businesses in Canada. Note these developments:

West Germany's Daimler-Benz, makers of Mercedes-Benz autos and trucks, plans an assembly plant at Toronto—perhaps with manufacturing to follow. The Stuttgart firm has appointed a Canadian distributor, and it means to concentrate on the heavy truck market,

with sales of swank Mercedes autos (\$3,000 to \$15,000) to skim off the gravy.

Belgium's Cie. Financiere Belge des Petroles—Petrofina—wants to build an integrated oil business in Canada. Canadian Petrofina Ltd., Montreal subsidiary of the Brussels combine, is angling for reserves and production in the West, has offered to buy control of Calvan Consolidated Oil & Gas Co., Calgary, Alberta. Calvan holds interests in some 125 oil and gas wells, boasts more than 17-million bbl. of reserves. Canadian Petrofina is setting up a marketing organization in Ontario and Quebec, building a \$25-million refinery in Montreal. Calvan directors were supposed to decide on the offer late this week.

St. Louis' International Shoe Co. has bought Savage Shoes Ltd., Preston, Ontario. It's the first Canadian manufacturing venture for International, probably the world's largest producer (55-million pairs last year); Savage, with six plants and 10,000 pairs daily capacity, is Canada's ranking shoemaker.



## Cuba Gets a Ferry...

Cuba has broken out with a rash of multimillion dollar real estate and transport development schemes. How they'll pan out is anyone's guess. But you have to hand it to Cubans for ambitious planning.

This weekend, the Key West-Cuban ferry makes its maiden voyage between the Florida city and the port of Cardenas, 100 miles east of Havana. The brainchild of several Miamians, Caribbean Ferry System Inc. operates a converted landing craft, offering thrice-weekly service on the six hour run (\$29.90 for car and driver, \$7.50 per passenger). There's hope for another



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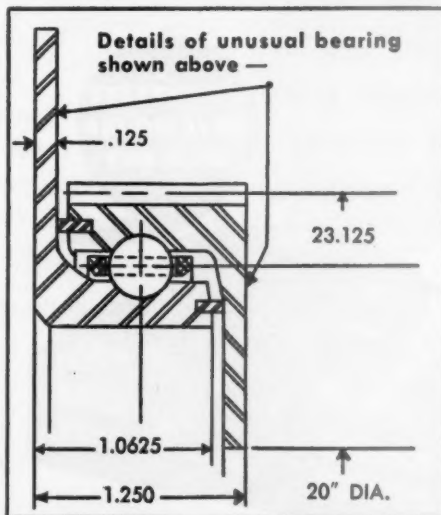
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## ... Plans a Resort ...

The prospect of dollar-spenders by the boatload isn't lost on Cuban officials. The ferry fetches up just 15 miles from Varadero Beach, heretofore a mecca for tycoons and Cuba's most luxurious watering place. Last week, Varadero Beach was decreed an official "tourist center," and a new planning commission is at work on parking lots, zoning problems, new hotel facilities—all designed with modest, rather than millionaire, pocketbooks in mind.

## ... A Tunnel ...


The Cuban capital has begun to feel cramped for space, and city fathers are looking longingly at undeveloped acres across Havana Bay beyond Morro Castle. They think a tunnel might speed development there, and the Havana Tunnel Development Co. is taking shape with plans for a \$25-million vehicular tube linking the capital with the potential suburbs. It would be a toll tunnel, financed by real estate men involved and by a bond issue. Several U. S. engineering firms are going to look into the feasibility of the scheme.

## ... And a Canal .

A pet project of Pres. Fulgencio Batista has been trotted out for a round of discussion and study. It involves a \$400-million, 50-mile cross-Cuba canal—as big as the Panama Canal (but with no locks), cutting the island in two between Cardenas Bay and Cochinos Bay. The canal would save north and southbound merchantmen and warships the 500-mile trip around Cuba's westward reaches. There would be a parallel highway and railroad, opening new land for farm development, creating new ports, and new industries. Cuba is hunting for private capital to help out with the canal.

The Pictures—Henry G. Compton—44, 114; Cormac Industries, Inc.—113; Ford Motor Co.—140; B. F. Goodrich Co.—102; Int'l News Photos—136; Archie Lieberman—76, 77; Bob Phillips—26, 27, 28; Carroll Seghers—172, 174, 178; Standard Oil (Ind.)—132; Standard Oil Development Co.—42; Taunton (Mass.) Municipal Lighting Plant—142; United Press—90, 101, 158 (rt.); Wide World—29, 158 (lt.).





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## BUSINESS ABROAD BRIEFS

“Sick industries” of France will have a \$14.5-million fund to help them adjust to increased competition from imports, expected when some quotas are removed Nov. 1. Premier Mendes-France hopes the fund will encourage inefficient producers to modernize or to switch to other products (BW—Aug. 14 '54, p98).

General Motors Pres. Harlow Curtice, junketing in Europe, announced a \$6-million expansion of GM assembly facilities in Belgium. That comes right on the heels of Curtice's \$100-million expansion project for Vauxhall Motors, GM's British subsidiary (BW—Sep. 25 '54, p164).

An oil hunt begins soon in Pakistan, under a new agreement between Standard-Vacuum Oil Co. and the Pakistan government. The deal involves exploration of some 20,000 sq. mi.; Pakistan will ante up 25% of the cost. Stanvac struck a similar exploration agreement with India a few months back.

Rubber along the Amazon: Goodyear Tire & Rubber Co. is opening its first new rubber plantation in 20 years, in Brazil near the mouth of the Amazon. Goodyear will plant 11,000 acres of cleared jungle land with high-yield plants developed in Central America, use the rubber in its tire plant in Sao Paulo.

Japan builds ships: Tide Water Associated Oil Co., San Francisco, has ordered two 45,000-ton tankers, third and fourth largest in the world, from Mitsubishi Shipbuilding & Engineering Co. They'll cost around \$5-million apiece. . . . Pacific Coast yachtsmen are getting cruisers from Japan. Best Craft Boats, a Tokyo outfit set up by Americans, is building 28-ft. and 36-ft. stock cruisers. Equipped with U. S. power and hardware, the 28-footer delivers in Seattle for \$6,900.

U. S. importers of Japanese sewing machines are up in arms over a recent Japanese government embargo on exports to this country. Tokyo says its exporters are dumping. But our importers suspect an attempt by Japan to set up a government-controlled export company for the machines.

Investment opportunities—64 specific business prospects in Africa, the Middle East, and Greece—have been spotted by Roy T. Wise, Union Carbide & Carbon executive on loan to the Foreign Operations Administration. His survey is part of FOA's effort to spark U. S. investment abroad; there's another scouting party in the field in Latin America.

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Pres. Eisenhower (above) got a warm welcome from the AFL convention, but as his speech progressed, the reaction of individual members varied (left). Generally, agreement marks the labor conventions as . . .

## Unions Map New Goals

Politics and the national economy were the keynote issues as the labor convention season rolled into high last week.

On the West Coast, the American Federation of Labor sharply criticized the Administration and demanded immediate action to "put the country back on the road to prosperity."

On the East Coast, the United Steelworkers, the United Rubber Workers, and the International Union of Electrical Workers, convening separately but speaking for a third of CIO's membership, took basically the same position, appealing for a sweeping Democratic victory this fall (BW-Sep. 25 '54, p30).

There was general unanimity on other issues, too, with the AFL and CIO branches of American labor looking on major issues eye to eye to an increased degree.

• **Push for More Pay**—Take wages. Although AFL exerts no control over the bargaining policies of its 111 affiliated unions, the federation's 73rd annual convention in Los Angeles this week urged them to press in 1955 for "substantial" pay increases. It warned them not to be "deceived" by appeals from employers in sound financial condition for wage cuts or the tabling of new demands due to depressed business.

New pay boosts are necessary, according to AFL, as "a major step toward restoring our nation's economic health." USW, URW, IUE and other CIO unions, meanwhile, unanimously endorsed

similar resolutions. To management, there is this obvious significance: Labor's wage drive is far from over, despite the downturn in the economy.

• **Unity**—Moreover, there was unanimity on something highly important to the future of the American labor movement: the ultimate merger of AFL and CIO. Conventions agreed that unity is essential—perhaps to a greater extent than ever because of growing state legislation regulating unions, the tighter economy, and the necessity of presenting a solid front against the Republican Administration.

Differences showed up, inevitably, in views on how unity should be achieved—particularly at USW's convention in Atlantic City—but much of the old skepticism about merging AFL and CIO seemed gone, for the moment.

Obviously, management observers noted this with mixed feelings. Labor Secy. James P. Mitchell commented on the unity outlook in an address to USW in Atlantic City. He had received, he said, many inquiries from businessmen about the implications, to industry, of AFL-CIO unity. He had replied, he told the steelworkers, that it would be "a good thing for American industry and for America" because it would result in "a greater degree of responsibility, of maturity, and of skill" in union leadership.

• **Not Overnight**—Even with AFL and major CIO unions seeming to think in common terms on the need for unity in labor, and with some leaders speculating

freely about the possibility of 1955 conventions to ratify sweeping and historic mergers, many observers still felt that broad amalgamations are far off.

Unity discussions will be scheduled soon, certainly. They will open under the most favorable conditions; the AFL-CIO solidarity on national politics is bound to carry over. But no matter how convinced labor's leaders are of the ultimate benefits of amalgamation, they must overcome the major barriers to it—jurisdictional jealousies, important questions of executive and staff job tenures, and of property and financial reserves. This won't be done quickly.

### I. Stronger, Tighter AFL

When the final gavel rapped on the AFL convention in Los Angeles this week, the federation of unions claiming 10.5-million members appeared stronger and tighter-knit than ever before. Its president, George Meany, was firmly in the saddle and, with the support of AFL's younger leadership, was continuing to inject new, dynamic life into the old organization.

Unquestionably, when AFL-CIO unity negotiations get under way in the next few weeks, the federation will be in a favorable position. Some of the internal problems that troubled it in the past were worked out last week, and (by some adroit pre-convention maneuvering) with an absolute minimum of behind-scenes scrapping.

For instance, AFL's two recognized



rivals for leadership—Dave Beck, president of the Brotherhood of Teamsters, and George Meany—went out of their way to demonstrate their unity. When Meany was nominated for another year as AFL president, Beck strode to the front of the speakers' platform to lead an ovation—and, in doing so, shared it. The two men also met privately with groups of delegates to reassure them against fears of a schism in AFL.

• **Good Act**—The show of unity between the two most important men in AFL surprised and delighted the delegates. The talk is that it was worked out, quietly, while Meany visited in Beck's home in Seattle prior to the convention. Whether it will last or is merely a surface agreement remains to be seen.

Chances are, now that the convention is over, that the demonstration of common purpose will end, too. Meany and Beck still have basic differences, many of them personal viewpoints.

At the same time that the Meany-Beck rapprochement interrupted talk of factionalism in AFL, two major unions in the federation settled a 40-year jurisdictional squabble and paved the way for new machinery to minimize family disputes in AFL.

Al Hayes, president of the International Assn. of Machinists, and Maurice Hutcheson, head of the Brotherhood of Carpenters, signed the IAM-Carpenters peace pact that redefines the jurisdictions of the two unions, particularly over millwright-machinery installation-work.

The new agreement, to run for two years, provides for binding arbitration of disputes that can't be settled, under revised jurisdictional rules, by preliminary inter-union negotiations. For management, the result should be an immediate end to a lot of headaches in connection with the installation of machinery in plants.

• **Teamsters Not Voting**—The IAM-Carpenters settlement, in the works for months, was announced dramatically as AFL delegates assembled in Los Angeles. It cleared the way for adoption of new AFL-wide jurisdictional arbitration machinery, authorized a year ago.

There was little debate, and no dissenting vote—although Beck and other Teamsters delegates abstained from voting. The holdout by the Teamsters is a result of the union's claim that other unions in AFL represent workers who should rightfully be in the Teamsters. Beck and his union have also refused to enter the AFL-CIO no-raiding agreement.

The unanimity on the jurisdictional disputes machinery at the convention does not necessarily mean that all AFL unions except the Teamsters will agree

to be covered by it. Some won't, and the program is binding only on those that agree to be covered. The holdouts can't be forced to submit disputes to arbitration. Even so, management can now look for more peaceful settlements of disputes over jurisdiction.

• **Trouble Ahead**—On another jurisdictional issue, however, more trouble, not less, may loom for some employers—those who do business with the United Construction Workers, affiliated with District 50 of the United Mine Workers. The Teamsters, Carpenters, and two other AFL building-trades unions set up an alliance to wrest construction employees away from UCW.

• **Shift in Allies?**—Beck's participation is, however, an interesting new development. Along with David J. McDonald, head of the United Steelworkers (CIO), Beck has been edging closer to Lewis through a still-unexplained alliance of UMW-USW-Teamster officers. Does the convention move mean a Beck break-away from the Lewis bloc? So far, the belief is that it doesn't, but that is reckoning without Lewis' reaction. If a fight over UMW-allied construction workers develops, the new friendship between Lewis and Beck may soon be over.

However, a more valuable and important friendship for Beck might replace it: that of Hutcheson. The Carpenters' president represents 800,000 members, the second-largest bloc of strength in AFL. Don't minimize the possibility that Beck, in risking his alliance with Lewis, is investing in future bloc strength in AFL.

• **Routine**—Otherwise, the convention ran pretty much to form, although it broke from the past when it called for amendments to the Fair Labor Standards Act that would require overtime pay after 35 hours a week (BW—Sep. 18 '54, p. 138). To business, the significance of this is not the immediate threat of a legally set reduction in the work week—AFL's schedule sets a 1956 date for this. It's the impetus that has now been given to union efforts to bargain for shorter hours.

Also, it broke with past policy against government intervention in labor matters. It offered "strong and wholehearted" support to "objective and impartial" investigations of welfare fund abuses and to efforts to draft legislative remedies. At the same time, it stressed that the policing of welfare funds should be as much as possible in the hands of unions.

AFL delegates were also led through a maze of issues ranging from a detailed foreign policy program and a plan for bolstering the economy to schemes for organizing workers in the Canal Zone. On such matters, delegates were—as

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traditionally—unanimous. They showed the same unity on broad political issues, although individuals seemed to differ on particular political ideas and personalities (BW—Sep. 25 '54, p30) and over the President (picture, page 158).

• **Still Anti-GOP**—The Eisenhower visit and address to the convention were received cordially. The President spoke in a friendly tone as he told the convention that he still hopes to eliminate "union-busting" provisions of the Taft-Hartley law. Following his appearance, AFL leaders on the platform commented that the President apparently changed his mind, at the start, about the speech he was going to make—he noted the warmth of his welcome, they said, and put aside prepared notes in favor of speaking off the cuff.

If he did it in a possible hope of lessening the political gap between AFL and the Administration, the attempt failed.

## II. USW: A Third Force?

One thing that stood out above all else at the biennial convention of the United Steelworkers (CIO) at Atlantic City: David J. McDonald, president of the steel union, is moving in slow, strategic steps toward the creation of a third force in labor—and a new, separate identity for himself as a responsible leader in labor.

McDonald injected the "third force" idea in his opening address to the convention, in a reference to "something new (brought) into the field of trade unionism" by the United Steelworkers: "a sort of mutual trusteeship" of labor and management that rejects both "bread and butter" unionism and the "Marxist approach"—interpreted as references to AFL and CIO.

"In the operation of this mutual trusteeship," McDonald said, "they (labor and management) are obliged to give full consideration to everybody. Managers must give full consideration to the just claims of the workers. The working force must see to it that the steel properties are operated successfully. . . . Both, of course, have an obligation to the owners, the stockholders."

• **Beck and Lewis**—Behind this advocacy of the mutual trusteeship were a number of factors. First, of course, was the fact that, through the years, the late Philip Murray stressed the Catholic industrial council program as USW president. Second, it's close to McDonald's own ideas of responsible labor leadership, which prompted his tour of steel mills with U.S. Steel's Benjamin Fairless. And third, a middle-of-the-road or "third force" program is in line with the economic thinking of Dave Beck of AFL's Teamsters and John L. Lewis of the United Mine

Workers, both current allies of McDonald; it could, conceivably, attract other like-minded leaders.

Whatever the reasons for it, the "mutual trusteeship" idea attracted wide outside attention—and newspaper editorials—as a sign of growing maturity and sense of responsibility in the steel union; within the convention, however, it caused hardly a ripple.

• **Role in CIO**—The USW economic program, politics, and other issues were similarly received without any demonstration of real interest. Only one thing seemed to be on most delegates' minds: the probable future role of USW within CIO.

Before the convention, for most of a year, delegates had heard rumors of McDonald's plans for an eventual withdrawal of USW from CIO. They were unofficial—yet they obviously stemmed from union officials, perhaps as trial balloons. If such a move was intended, delegates wanted to know about it, directly from McDonald.

They got only a partial answer, as McDonald's needling of CIO and its president Walter Reuther continued.

• **The Door Is Open**—What McDonald actually did was to give assurances that USW won't take any immediate action to pull away from CIO; at the same time, he left the way open for long-term moves—should they become justifiable in his eyes.

For instance, in advocating a program for labor unity, the steel union's president commented that talk of waiting around "a year or two for organic unity is pure unadulterated bunk." Unity can be achieved, he said, in a matter of weeks if negotiators work for it seriously. In effect, he served an ultimatum that USW must "get something for our investment in CIO . . . complete, immediate organic unity."

Does that mean USW may stop paying \$100,000 a month into CIO if unity negotiations drag on—to force a speedup? No answer.

• **Part Time**—McDonald also demanded that CIO amend its constitution to end a policy of "part time officers (that) to me does not make sense."

Thus, McDonald raised a second issue to be placed before the CIO convention in Los Angeles the second week in December.

At heart, delegates to the USW convention seemed anxious to stay in CIO; nevertheless, they apparently are 100% behind McDonald now.

Job worries also overshadowed other matters on the agendas of the United Rubber Workers (CIO) meeting in Boston two weeks ago and the International Union of Electrical Workers (CIO) in Miami Beach this week.

• **Equalizing**—With an eye on jobless rubber workers, and on the shift of rubber plants out of Akron to other



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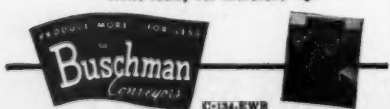
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production areas, URW took steps aimed at reducing the present eight-hour day in rubber plants outside Akron to the six-hour day in the rubber capital, or—as a less-favored alternative—at raising the Akron work day to eight hours.

IUE's convention received reports that the electrical workers' union is ex-

panding steadily—with 97 locals added in the last year—but that its members are "suffering the hardship of unemployment and underemployment" in many areas. The proposed solution: As in the case of AFL and of USW, more political action and an economic program to step up purchasing power.

## Unions and the Sherman Act

Commerce Dept. wants labor brought under the antitrust laws; Labor Dept. objects. The dispute is growing explosive, threatens Administration harmony.

A quiet but serious tug of war between the Labor Dept. and the Commerce Dept. over the Administration's labor policy may now be primarily an explosive showdown. The issue is the old controversy over whether labor unions should be brought under federal antitrust laws.

This old but still lively question is now before a special committee of 61 lawyers and economists, named last year by Atty. Gen. Herbert M. Brownell to recommend changes in antitrust laws and their enforcement.

It was natural that the Commerce Dept. be represented on that committee. But what came as a surprise to some committee members was that Commerce Secy. Sinclair Weeks' seemed to be more interested in a committee endorsement to bring unions under the Sherman Act.

• **Study Group**—Although the Labor Dept. is not represented on the Brownell committee, it was drawn into the battle when the Weeks proposal was turned over to a special study group. When Labor Dept. representatives learned what it was they were being asked to study they reacted sharply. Labor Secy. James P. Mitchell told a press conference that he was against any changes in the antitrust statutes. He contended that Taft-Hartley and other labor laws could be used to solve any problems that exist.

Mitchell's views accorded with the majority opinion of the work group, which told the Brownell committee it favored preserving union exemption from the antitrust rules. But a vigorous minority, backed up by a 27-page memorandum prepared by John L. Kilcullen, Commerce Dept. counsel, said exemption should be wiped out.

The full committee—though it did not actually count noses on the subject—adopted neither opinion. It indicated that a further meeting-of-minds was necessary.

• **Who Won?**—The Labor side naturally views this as a "defeat" while the Commerce Dept. views it as something less than a victory, since the issue has

been left open. The committee's co-chairmen—Stanley N. Barnes, Brownell's antitrust chief, and S. Chesterfield Oppenheim, a Michigan law professor—have the whole issue in their hands.

What Secy. Weeks will do at the next committee meeting, which will entertain the Barnes-Oppenheim report, is not clear. But Weeks' membership on the committee—something Secy. Mitchell does not have—gives him opportunity to press the commerce position still further.

• **Rejection**—The Commerce Dept. brief rejects the idea that union monopoly abuses—such as featherbedding and secondary boycotts—can be effectively controlled under Taft-Hartley. It says bluntly that such practices cannot be adequately dealt with under a law that has the primary objective of promoting collective bargaining. Commerce officials feel it should be possible to spell out the main areas of legitimate union activity and immunize them from antitrust actions.

The issue of whether unions should come under antitrust has been a ticklish one ever since unions got big. After the Sherman Act was passed in 1890, large-scale union boycotts of an employer's products were held by the courts to be an unlawful combination in restraint of trade. But in 1914 the Clayton Act—coupled with the later Norris-LaGuardia Anti-Injunction Act and several key decisions of the supreme court—gave unions a virtual exemption from antitrust prosecution. Now, only where a union participates in a collusive agreement with employers or some other nonlabor group can antitrust laws be brought into play.

Congress has repeatedly rejected antitrust measures for dealing with union abuses. The last time the subject was in the 80th Congress which, in its labor legislating was under the leadership of the late Sen. Robert A. Taft. Some Washington observers profess to see a certain irony in the possibility that this Taft-settled issue may now be rising to threaten the internal harmony of a Republican Administration.





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## LABOR BRIEFS

"Business expediency" doesn't justify an employer in giving preference in employment to union members, the National Labor Relations Board ruled in an unusual case last week. NLRB ordered Bickford Shoes, Inc., of Milford, Mass., to discontinue the "unlawful union-security provisions of its contract" with an independent union. Bickford leased a union-owned plant, and as part of the deal accepted a virtual closed-shop policy, barred by Taft-Hartley.

A "modest wage increase" will be sought by the Textile Workers Union of America (CIO) from American Vis-

cose Corp., which has 10,000 employees under TWUA contract in seven plants. TWUA says its demand won't exceed 10¢ an hour. Avisco contends no increase is warranted; it says that "in the light of general business conditions in the rayon industry, the request comes as a 'surprise.'" Last year, TWUA dropped a demand for a raise after several weeks of bargaining.

New contract between the Aluminum Co. of America and United Auto Workers (CIO) boosts pay of 3,500 UAW workers in four plants 5¢ an hour, increases pensions (to \$140 a month at age 65 after 30 years service) and insurance benefits. Adjustments in incentives and certain wage rates will add an estimated 3¢ an hour to the cost of the settlement.

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	Total Cost of Living	Food	Clothing	Housing	
				Total	Rent Only
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August, 1949	101.6	100.3	98.0	102.6	105.2
August, 1950	103.7	103.9	97.1	106.1	109.3
August, 1951	110.9	112.4	106.4	112.6	113.6
August, 1952	114.3	116.6	105.1	114.6	118.2
August, 1953	115.0	114.1	104.3	118.0	125.1
September	115.2	113.8	105.3	118.4	126.0
October	115.4	113.6	105.5	118.7	126.8
November	115.0	112.0	105.5	118.9	127.3
December	114.9	112.3	105.3	118.9	127.6
January, 1954	115.2	113.1	104.9	118.8	127.8
February	115.0	112.6	104.7	118.9	127.9
March	114.8	112.1	104.3	119.0	128.0
April	114.6	112.4	104.1	118.5	128.2
May	115.0	113.3	104.2	118.9	128.3
June	115.1	113.8	104.2	118.9	128.3
July	115.2	114.6	104.0	119.0	128.5
August, '54	115.0	113.9	103.7	119.2	128.6

Data: Bureau of Labor Statistics.

©BUSINESS WEEK

## C-of-L Slides, Pay Rate Holds Up

The Bureau of Labor Statistics' monthly cost-of-living index settled slightly in mid-August—to 115% of average 1947-49 levels. The 0.2% decline, however, will have little if any effect on escalator wages.

Almost a million railroad workers have contracts with an August date for adjusting wages to the rise and fall of the c-of-l index. But at 115% the BLS index for mid-August was at exactly the same level as in May and February this year, November, 1953, and August, 1953—the last four rail c-of-l adjustment dates. So the carriers' escalator pay wasn't affected.

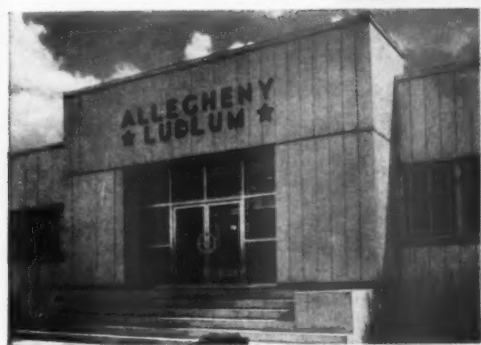
Another million workers, mostly in auto and electrical manufacturing plants, had already got a 1¢-raise on the basis of the mid-July index level.

• **Down and Up**—Lower food prices were largely responsible for the mid-August index drop. Apparel, house furnishings, reading and recreation, cars, and gasoline were also down. Rents and a number of other items, including medical care, rose a little.

BLS noted that continuing small declines in food prices may bring another index drop in mid-September—even though apparel and other costs are expected to rise.

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## YOU CAN BUILD FOR THE AGES ...with a STEEL FOR THE AGES

What's the building on *your* mind? Maybe a big multi-story structure—or an industrial building, like our own Research Laboratory (see above)? Maybe a plant office building—or a bank, store, school, power station, warehouse, hospital, hotel? Or perhaps it's an existing structure that needs a facelifting—modernizing the exterior, as well as the interior.

In any case, you're sure to consider *curtain wall* construction, because it's the newest, most modern method. Packed with advantages over masonry, too: such as fast, all-weather installation; more space per floor; more floors on a

given foundation, etc. And you'll be equally sure to realize that *stainless steel-surfaced panels* (again, see above) promise the best long-term protection for the building investment. No other surfacing material is at once as hard, tough, strong, and lastingly beautiful, as impervious to wear and as resistant to heat and corrosive influences as stainless steel.

That's just why Allegheny Metal generally figures to last longer and cost less in the long run—wherever you use it. Let us help you to realize its benefits. *Allegheny Ludlum Steel Corporation, Oliver Bldg., Pittsburgh 22, Pa.*

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# PERSONAL BUSINESS

BUSINESS WEEK

OCT. 2, 1954



Staying in condition during the winter is sometimes a problem for the executive who exercises a lot in the summer.

Yet it's important for good health. Doctors worry most about men who play golf daily in the summer, then lay off completely until after Christmas, play furiously for a couple of weeks in Florida—and then lay off again.

That can lead to overexertion, and damage to your physical system.

A growing number of executives have licked this problem by taking up skiing. They have found that instead of being some form of Scandinavian suicide, it can be the source of enjoyable—and moderate—exercise.

Like any active sport skiing demands good physical condition—especially in the legs. However, the many lifts and tows that exist nowadays do cut down the need for extensive climbing.

That's one good reason why men in their fifties and sixties—and even older—have taken up skiing without fear of ill-effects.

If you're thinking of taking up the sport, the first thing to remember is that skiing can be safe; it is quite unnecessary to break your leg. But the key to safety is proper instruction in fundamentals. With these and a little common sense, skiing can be as safe as walking down a street.

Choose equipment carefully. Most common mistake beginners make is to get clothing that's too warm. Skiing is exercise; your first experience is likely to find you taking things off rather than reaching for an extra coat.

It's best to wear an inner layer of clothing of medium-weight wool. Outer garments should be made of water-repellent and wind-resistant materials, such as gabardine. (Nylon and other synthetics are popular for jackets because of light weight and wind resistance.)

Don't try to skimp on what you spend for skis. It will pay you to get a good quality. However, you would probably do best to get skis with a permanent base to eliminate the need for waxing.

Choose bindings with care. For safety, consider automatic bindings, which release your feet if you should fall in such a way as to twist your leg. Ski patrolmen and professionals recommend them.

There are some developments this year that both the beginner and the seasoned skier should note. Foremost is the fact that poor snow conditions last year have left stores with a lot of stock, making for a buyers' market.

In addition, here are some specific trends:

- **Boots.** In general, you'll find this winter's line of ski boots to be simple in appearance, cleaner in line, with fewer fancy trappings. Further, over-all performance as well as design has continued to improve. The double boot—a complete boot within a boot—is getting more popular.

Look for a much-improved medium-price line (\$40 to \$45) of ski boot. It will compete against the high-priced product, and you may find it adequate for your needs.

- **Skis.** A new design looks like it will be a popular seller this year.

# PERSONAL BUSINESS (Continued)

**BUSINESS WEEK**

**OCT. 2, 1954**

It is the Eriksen ski from Norway, will sell in the high-price bracket (probably \$85). Its principle is this:

Instead of the conventional wide center groove that starts one-third the way down the runner, the Eriksen ski has 16 narrow grooves that run the full length of the ski.

The manufacturers claim that this design gives greater stability, avoids side-slipping. It also means greater speed because (1) more air gets under the ski; and (2) the ski "rides" the cover instead of pushing soft snow ahead of it.

Also look for a greater popularity of plastic skis with permanent base wax, and a step-up in the number of imported skis from Austria, Scandinavia, Switzerland, and France.

—●—

**Make a recheck this fall on your home's automatic heat control.** You may find that the thermostat doesn't fit the particular needs of your house and family. A bargain thermostat—or one that doesn't fit your heating system—will waste heat and fuel and cause discomfort.

Each type of heating—warm air, steam, hot water—requires its own special system of control to function efficiently. In general, such a system consists of a thermostat to control room temperature, a limit control for safe operation, and firing devices to control and ignite fuel.

These units will only work properly if they are matched, one with the other. A heating contractor is the man to do the matching for you.

There are now four standard types of thermostats—an electronic set, electric-clock model, semiautomatic, and the manually operated thermostat.

Best is probably the electronic type. This uses two thermostats—one outside the house, the other inside. Signals from both go to a relay amplifier in the basement that automatically computes the exact degree of heat needed to offset temperature changes.

—●—

**Note for home craftsmen:** You can now get a disposable circular-saw blade that tests have shown will last up to three times as long as ordinary blades. It sells for \$1.69 (8-in. size), a shade more than the cost of resharpening ordinary blades. When it dulls, simply get a new one from your dealer.

Made by Rocco Products of Minneapolis, the blade is called the Roc-Edge Sabre Combination. Professional craftsmen and carpenters have proved it out in tests during the past two years.

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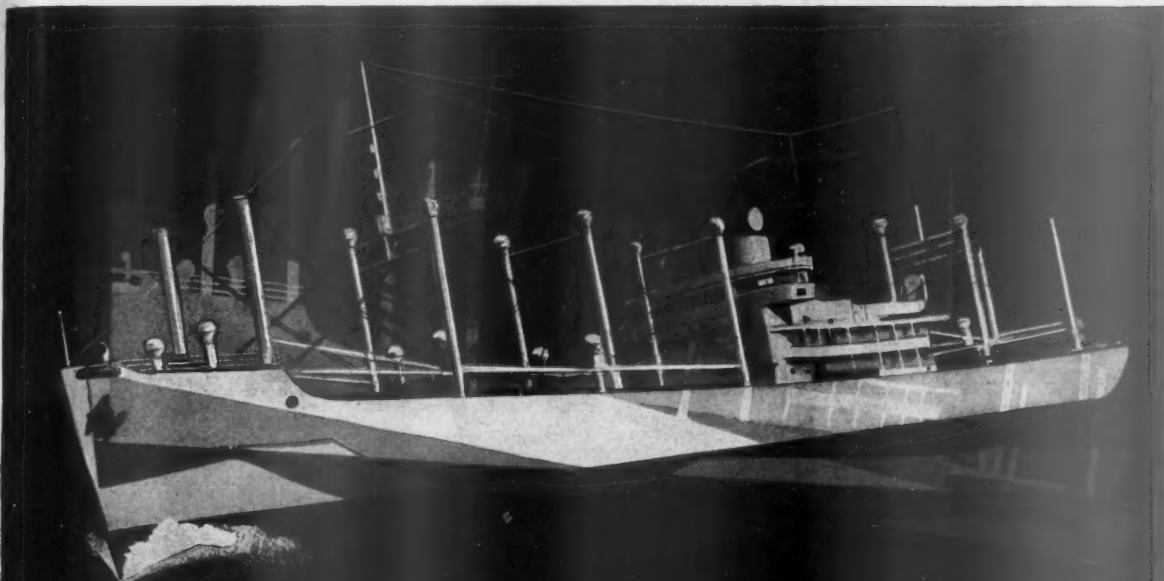
**If you own property in New York State,** look for a fire-insurance rate cut. Owners of two-family and multi-apartment dwellings are affected as well as single-family homeowners. Reductions range from 5.5% to as much as 25%.

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**Note for your calendar:** Quarterly payment of Social Security tax for domestic help is due Oct. 31.

—●—

**Some doctors are urging executives to make sure they take a coffee break or two during the working day to help combat fatigue, break tension.** There's evidence that coffee increases the speed of muscular recovery.



## CONDENSER "SEASICKNESS"

### CURED BY U. S. RUBBER EXPANSION JOINTS

When a ship rolls or pitches at sea, the condensers and connecting pump lines can suffer great damage if they are not equipped with joints that "give" with the ship's motion. Many a condenser now has "sea legs" because of U. S. Expansion Joints. These flexible connections absorb movement, shock and insulate against vibration, compensate for expansion and contraction. They prevent corrosion by electrolysis in bolts, joints and piping, thus providing additional savings by eliminating need for replacement.

U. S. Rubber Expansion joints are used primarily on the suction and discharge end of the circulating water pumps to the main condenser and on the overboard discharge line between the condenser and the hull. They are also used in piping to prevent transmission of sound. They have the approval of the Maritime Commission, the U. S. Navy, the Bureau of Marine Inspection, American



Bureau of Shipping and Lloyd's Register of Shipping.

Numerous other industries use U. S. Rubber Expansion Joints. Operators of office buildings, apartment houses use them to compensate for misalignment in pipes and to eliminate the transmission of noise. These joints have become indispensable to the efficient operation of air conditioning systems, saving many times their original cost by lengthening life of equipment and reducing maintenance charges. Complete information is obtainable through any of our 27 District Sales Offices or write to address below.



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# CHARTS OF THE WEEK

## Public Debt:

Billions of Dollars

280—  
278—  
276—  
274—  
272—  
270—  
268—  
266—  
264—  
262—  
0

Legal Limit

Temporary Limit  
*New borrowing will bring it here*

1953 1954

Date: U.S. Treasury Dept.

## Crashing Old Ceiling...

This month the U.S. government will borrow \$4-billion against the new debt ceiling—voted by Congress as a temporary measure and due to expire July 1, 1955. This will boost the federal debt up past the old debt ceiling of \$275-billion—the permanent limit.

The chart at the left above shows how the debt has moved up close to that ceiling several times in the past, then backed off again. Right now it stands at about \$274.3-billion.

The additional \$4-billion, now being sought through sale of 1½% Treas-

## Shoes Put Pinch on Hides

## Price of Hides:

Cents Per Pound

20—  
19—  
18—  
17—  
16—  
15—  
14—  
13—  
12—  
11—  
10—  
0

*going down*

1953 1954

Date: Bureau of Labor Statistics

A number of factors have combined to bring about the summer drop in the price of hides, shown in the chart at the left.

For some time, the leather industry has been feeling the effects of reduced demand, as substitutes have moved in. Shoe production, always a consumer of a considerable amount of hides, has been running well under the rate of one year ago and has fallen below 1952 levels as well. In addition, leather substitutes have been used increasingly in the manufacture of shoes and in other products. This has meant an even sharper reduction in the amount of hides used.

On the supply side, recent large runs of cattle to the market have brought an increased flow. This, of course, has been an additional price depressant. With the limited domestic demand, the export demand is not sufficient to keep prices up.



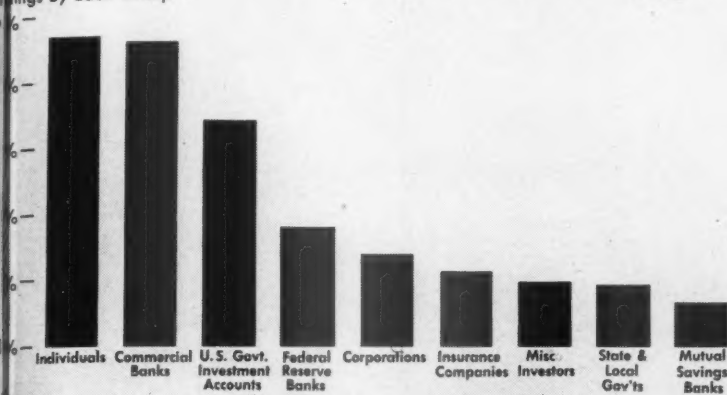
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*These are the groups that hold it*

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U.S. Treasury Dept.

BUSINESS WEEK

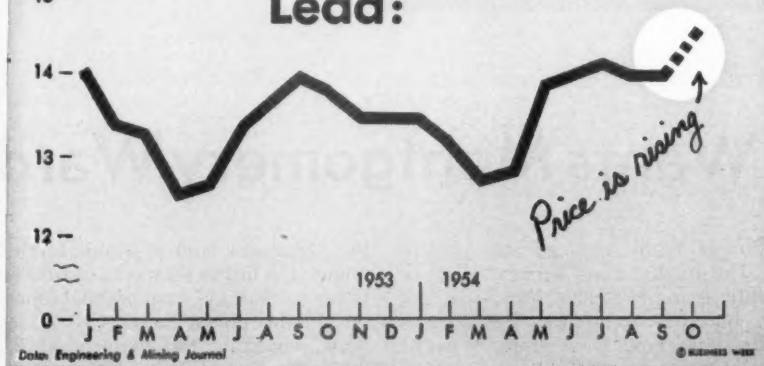
## Pushing Close to New

ury notes maturing in 2 years and seven months, will bring the debt to \$278.3-billion—just \$2.7-billion under the temporary limit of \$281-billion. Next June's tax collections will probably get the debt back under the permanent ceiling—but only just.

The new note issue is expected to go mostly to commercial banks, now a principal holder of the U.S. debt (chart, above right). Other top groups are individuals (including partnerships and personal trusts), and government investment accounts.

Cents Per Pound

**Lead:**



Date: Engineering & Mining Journal

BUSINESS WEEK

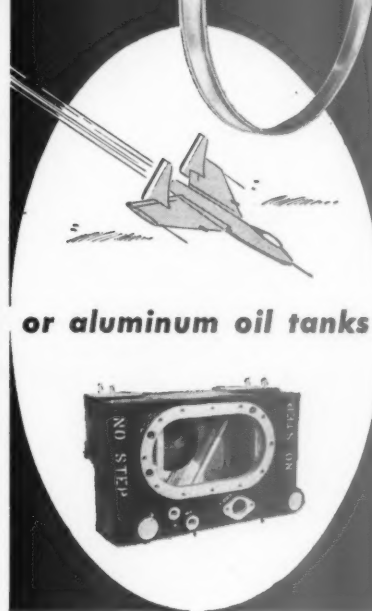
## Stockpiling Sends Lead Up

The stepped-up government stockpiling program is the big factor behind the recent upward movement of lead prices (chart above). Currently, the

price stands at the highest level since the beginning of 1953. Zinc prices, also responding to the stockpile program, have shown similar gains.

Titanium

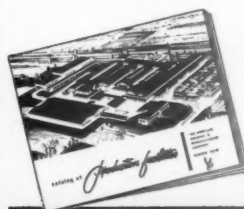
Rings...



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In addition to ferrous metals, American Welding also produces components of titanium, aluminum, cobalt alloys, and copper.

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**"I'll be on that board."**

**LOUIS E. WOLFSON:**

## The Man Who Wants Montgomery Ward

Any brilliant young manager determined to make himself both a national reputation and a fortune in the next 10 years has only one logical course. That's to quit what he's doing, wrest control of Montgomery Ward & Co. from its chairman, Sewell Avery, and rebuild the property to its full profit-making potential. If he can do that—he'll be made.

He'll get the national reputation easily enough. Ward's is probably the best-known business story in the land. And he can make a fortune, too—if he's bright enough to take his main remuner-

ation in Ward stock and stay with it.

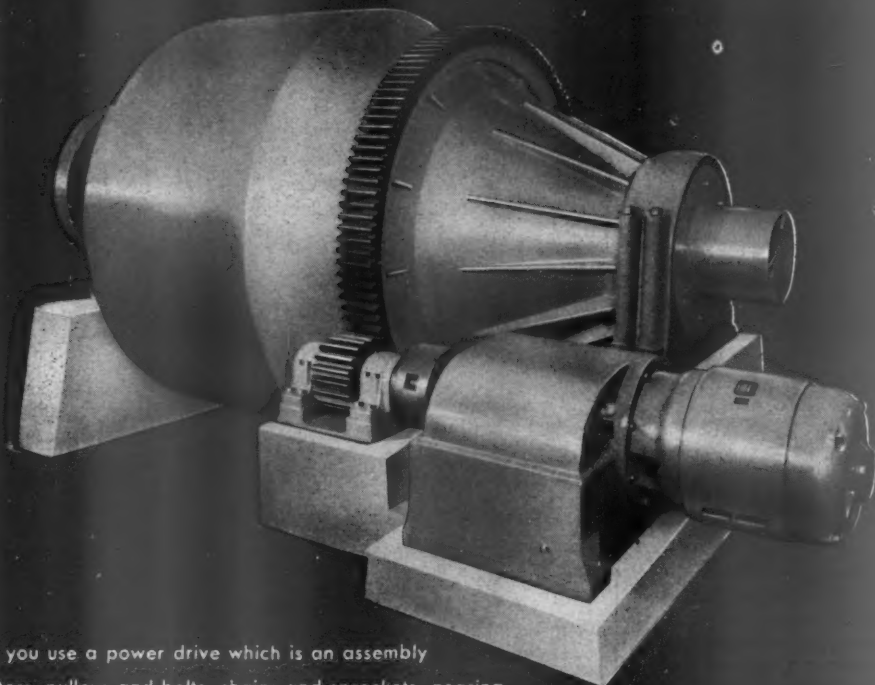
The bright young man who is currently trying to acquire Ward—the first in some time to attempt it publicly—is 42-year-old Louis E. Wolfson. What he really wants from Ward, he insists, is neither the cash nor the reputation. Although he'll take both as they come, what he's really after is an arena in which to wage and win a crusade.

### I. Stockholders Wanted

Wolfson went into business just about 20 years ago, struggling against

the Depression and a serious football injury. His first move was to convert his father's desultory scrap metal business into Florida Pipe & Supply Co. He has been converting the business world's dogs into some of its healthiest money-makers ever since.

Florida Pipe yielded Wolfson three things: A \$2.5-million profit when he liquidated the company some years ago; a number of people who speak quite harshly about the way it did business; and the cash and business experience that started him to where he sits today. Where he sits is in control of a 30-



When you use a power drive which is an assembly of motors, pulleys and belts, chains and sprockets, gearing, speed reducers, etc., you waste time and money in purchasing, handling and assembling these various units into the final drive.

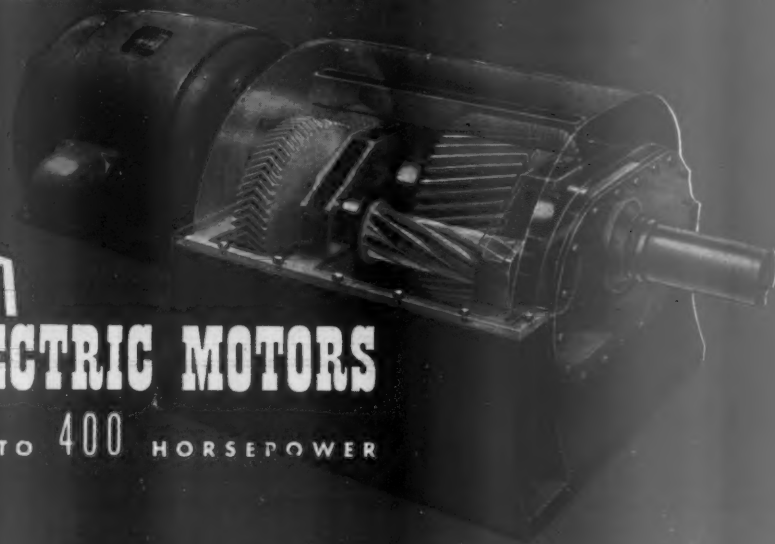
Master power drives designed as complete units with component parts matching size for size and rating for rating offer you considerable saving in space and money . . . especially in the larger sized units.

So don't put up with "make-shift" assemblies when you can select from Master's broad line, standard units which easily combine to give you the RIGHT horsepower, the RIGHT shaft speed, the RIGHT features in one compact unit that you can use RIGHT where you want it.

Use the RIGHT power drive to increase salability of your motor driven products . . . improve the economy, safety, and productivity of your plant equipment. That's the horsesense way to use horsepower.

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**BIG** ones too



**ELECTRIC MOTORS**

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## Bassick stretches freight cars

Handling Ryan Aeronautical Company's external wing fuel tanks — largest ever made for aircraft — once posed an oversized problem for materials-handling men.

Now Bassick grooved-wheel casters on an inexpensive inverted angle iron track have helped solve it. They roll the specially built three-tank rack into the outsized freight car where clearance overhead and at sides is only 2½". Result: six tanks, instead of the previous two, go into each freight car.



### Why Ryan chose Bassick casters

Ryan's choice of Bassick casters was no accident. They permit accurate control of heavy loads, move 3 times easier than flat wheels in direct contact with the floor. Easily installed angle iron track is self-cleaning.

#### SAVE ON MATERIALS-HANDLING

30% of your reducible manufacturing costs are in materials-handling. Chances are Bassick, maker of the world's broadest caster line, has an economical answer to your handling problems, too. Check your Bassick distributor. **THE BASSICK CO., Bridgeport 2, Conn. In Canada: Belleville, Ontario.**



MAKING MORE KINDS OF CASTERS... MAKING CASTERS DO MORE

75 YEARS OF CASTER LEADERSHIP



"We must know Montgomery Ward as well as Sewell Avery does."

company hodgepodge with assets of \$217-million. It's from such a perch that he grasps aggressively for Ward—whose assets are exactly half a billion dollars bigger.

• **Philosophy**—Wolfson vows he wants Ward mostly because it offers him his best chance to complete a major task he has set for himself: to assure that the American stockholder gets the kind of treatment from American management that Wolfson thinks he should have.

Wolfson thinks—as do some others—that it's a disgrace that there are only 6.5-million stockholders in the U.S. He's convinced this is due primarily to a profound lack of public confidence in the way U.S. management handles the investor's money.

He doesn't like stock option plans, and he thinks executive pensions are much less tightly controlled than they should be. He thinks every officer ought to be required to put at least a year's pay in his company's stock—at the stock's market price, not at a cut rate. He believes that the best thing management can do with earnings is to disburse them to stockholders "after prudent lay-aside for operations, reserve and development."

• **Some Day**—If these and other of his tenets were common, Wolfson believes, there'd be no dearth either of stockholders or of risk capital. Each of the three big, publicly held companies he controls—Merritt-Chapman & Scott, New York Shipbuilding Corp., and Washington's Capital Transit Co.—demonstrates this, he insists; each has more stockholders than it did when he took over.

"It may take years, but some day, maybe people will say that Wolfson did more than any other man to breed 20-million U.S. stockholders," Wolfson will tell you.

"Montgomery Ward can save me eight to 10 years in this campaign. I could do it at Merritt-Chapman or at New York Ship, but at Ward, I can do it better and faster."

## II. How to Get Ward

Of course, before he can make Montgomery Ward play horse to his Lady Godiva, Wolfson must first get control of the property. And Avery, one of the country's most knowledgeable corporate operators, has spent years erecting defenses against any such move.

He has reduced Ward's directorate to nine. Three seats come up for election each year, for three-year terms. The voting is cumulative, meaning that each share of stock may cast as many votes as there are seats up for election—in this case, three.

Avery himself comes up for reelection next year. If Wolfson's forces pose a real threat at that time, Avery can sacrifice the other two seats that come up with his and cumulate their votes for himself. Unless Wolfson's team has more than three times as many votes as Avery's—unless each Wolfson man has more votes than the entire Avery team—this would get Avery elected. It would put Wolfson and one friend on the board, but it would leave Avery comfortably in control—seven to two.

Thus, the worst Avery can face next April is the necessity to control one vote more than a third as many votes as Wolfson. Avery's problem will be no tougher, mathematically, in 1956. By throwing all his team's votes behind one man, he can end up in control of a five-to-four board.

The end of the line, if this kept up, would come in 1957. Still, at the age of 81 (Avery will reach it Nov. 4), how far ahead do you plan?

• **Across the Street**—The problem is different from Wolfson's point of view; but he, too, can take advantage of cumulative voting if he chooses.

His best hope, of course, is to win all three seats next April and at least two more in 1956. This will give him earliest possible control of the board. But he may find he'll have to wait longer than two years. If Avery's forces are powerful in 1955, Wolfson may have to be content to go after just one seat—by using the same cumulating privilege open to Avery.

• **Holdings**—All this is complicated by the fact that so many Ward shares are outstanding—6,502,378, to be exact. That means there are 19,507,134 votes (three per share) that may be cast. That's a lot of votes to locate, persuade, control, and deliver in a Chicago boardroom next Apr. 22.

Wolfson will have quite a slug of his own: "We believe we now hold the



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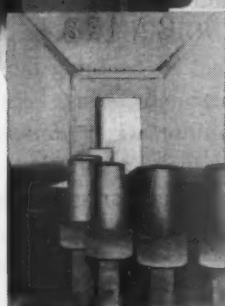
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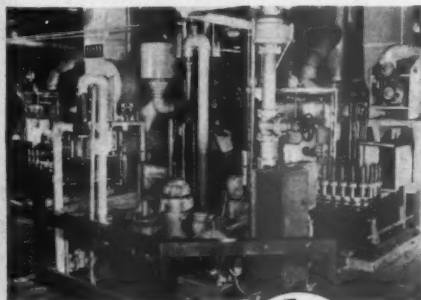
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RESULTS OF AN INTELLECTUAL REVOLUTION . . .

## **"The Western Miracle" Continues . . . More Automatic Controls for Industry**

**W**ithin recent weeks three new monthly technical magazines devoted to automatic control systems for industrial processes and machinery have offered the public their first issues. One of these is **CONTROL ENGINEERING**, a McGraw-Hill publication.

What has caused this surge of interest in the design and application of automatic control systems? What does it portend for the future of American industry? More important, what does it promise for the American standard of living, of which industry is and must be the servant? And what is the role of **CONTROL ENGINEERING** in this development? It is to those questions that this statement is addressed.

### **A New Intellectual Revolution**

It is frequently asserted that we are now in the throes of a new industrial revolution. The revolution is described as the eliminating of wasteful applications of human labor to repetitive tasks through new technology which makes it possible to transfer those tasks to automatically controlled machinery.

It is perhaps more accurate, however, to say that we are the beneficiaries of a new intellectual revolution in the application of science to industry. This new intellectual revolution points the way toward giant strides in the continuing proc-

ess of taking dull and laborious work off the backs and minds of men and transferring it to machines operating in large batteries under automatic control.

The practical engineering work required to convert this intellectual revolution into a full-scale industrial revolution, however, in large part still remains to be done. It is to this task that **CONTROL ENGINEERING** will be devoted. Its role is that of bridging the gap, in engineering and economic terms, between the new conceptions of automatic control of industrial processes and their practical workaday application. These conceptions run the full gamut from systems of control for automatic factories making heavy industrial products to highly personalized systems of automatic control to warn people when they are approaching the broiling point in sunning themselves at the beach or becoming too drowsy to drive their cars safely.

### **Enter the "Feed-Back" System**

Enough work has been done to move these conceptions out of the realm of interesting dreams and into the realm of practical possibilities, and in some cases into the realm of practical realities. Crucial parts of this work were done during World War II when weapons were successfully equipped with "feed-back" systems

that automatically corrected mistakes made by the weapons in locating their targets.

The principle of the "feed-back" system is as ancient as the personal monitor that tells us not to run into each other as we walk along the street. It feeds back to our locomotion machinery the warning of a collision ahead. But the application of the principle to weapon control and then to more general machinery control required superlatively imaginative and skillful scientific development.

When a "feed-back" system that monitors an automatic process and keeps it lined up precisely is teamed up with a computing machine, capable of making lightning calculations that control both what goes into the process and what is done with the product, the horizons of automatic control become broad indeed. But in large part they still remain horizons. A vast range of practical engineering work remains to be done to realize anything like the full potential of automatic control of industrial processes and machinery.

### More and Better Jobs

There are those who view the surge of interest in automatic control with alarm. They conjure up a situation in which automatic processes will at once expand the ranks of the unemployed and reduce many of those still working in industry to the status of robots or automatons.

A look at the record of the American economy — a record of amazing growth, steadily improving job opportunities and a constantly rising standard of living — demolishes the basis for such fears. The introduction of new and more efficient industrial machinery and processes obviously cannot be accomplished without creating some disturbance for some individuals and some companies. But consistently the longer range effect of such local and temporary disturbance has been more jobs and better jobs for Americans.

It is no accident that, while the proportion of industrial wage earners in our population is virtually the same as it was in 1920, the pro-

portion of professional and salaried workers has doubled. The proportion of unskilled workers, furthermore, has dropped by half. This has been an essential part of a continuing process by which drudgery has been transferred to machines while the workers who formerly did the drudgery have been graduated to jobs calling for greater competence and providing better pay.

### Higher Living Standard

A British historian, H. J. Hancock, has referred to this general process as "the Western miracle"—that of providing an ever higher and higher standard of living for more and more Americans. The key element in this miracle has been more and more reliance on power-driven machines to get the day's work done.

In the nature of the extremely complicated apparatus involved, full development of systems which have passed through the "think stage" into the status of practical possibilities will be a time-consuming process. It will also be a very exacting process, calling for a tremendous application of engineering skill and ingenuity. However, the engineers who are concentrating on this difficult, workaday phase of the development of apparatus for automatic control will be inspired by the knowledge that they are making a crucial contribution to technical progress which holds great promise of good for the American people.

*This message is one of a series prepared by the McGraw-Hill Department of Economics to help increase public knowledge and understanding of important nationwide developments that are of particular concern to the business and professional community served by our industrial and technical publications.*

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"Money is less interesting to me today."

largest block," he said a month back.

The largest known block is a 105,000-share holding by two investment trusts—Affiliated Fund and American Business Shares, allied mutual funds. Wolfson says he has "very substantially in excess" of this holding. He says he has visited 21 banks that are trustees for more than 1-million Ward shares. Two of them pledged support, even though he hadn't yet asked it, he says; and he was gratified at the reception he got elsewhere. He insists he's figuring conservatively in his belief that all banks and mutual funds control 1.5-million Ward shares.

Wherever the big holdings lie, Wolfson asserts—and some pretty bright people agree—that voting control lies not in the financial community but in the 50,000 Ward stockholders who each own less than 100 shares. When you try to figure those votes, however, you get a meaningless tangle of uncertainties.

• **What of the Cash**—There's one big, complicated factor that's bound to have a major effect on Ward shareholders who are yet uncommitted. It's this: What would a victorious Wolfson do with that \$286-million of cash and governments that Avery has accumulated in the company (BW—Sep. 27 '52, p60)?

This question arises from Wolfson's first national splash in the business world—the deal for which the man apparently is best known. In 1949, he bought control of Capital Transit Co. (Washington, D. C.). He paid \$20 per share for 109,000 shares, about 15% over the market price. The stock was bought from its sole owner, North American Co., a utility holding company that was under a Securities & Exchange Commission divestment order to dispose of Capital Transit.

Doubtless because transit utilities are notoriously hard to sell, North American had been paying itself very low dividends and stashing most of the profit away in earned surplus—sweetening the property to help sell it, as the trade puts it. By the end of 1951, Capital Transit, with assets of \$37.6-million, had \$11.5-million in cash and governments.

When he became a Capital director late in 1949, Wolfson immediately raised its dividend rate from 50¢ per share, which had been paid in 1948, to \$2. A series of other dividend raises and a stock split followed. Finally, in January of 1952, Wolfson paid a special dividend equivalent to \$10 on the original stock.

• **The Melon**—That tore it for Washingtonians, already embittered by some curtailments of service on marginal runs and by Wolfson's insistence on paying out to stockholders the profits earned by their investment. Washington citizens charged that Wolfson had "cut a melon"—drained off the earnings North American had thoughtfully stashed away. It's widely alleged that Wolfson milked reserves that had been set up for purchase of equipment, that he has let the rolling stock deteriorate. The balance sheet, though, shows that the special dividend was charged to earned surplus—which is one way of saying the stockholders preferred to take their property in cash rather than as increased investment in Washington's transit service. And Capital Transit has won many industry awards for bus maintenance and safety.

All this merely illustrates the bitterness that exists between Wolfson and Washingtonians. Few people there will hear any good of him. For his part, Wolfson appears equally disgusted with Washington, would like to sell the property.

• **Intentions**—That's how Wolfson became known as a "melon-cutter." That reputation couldn't have escaped the minds of stockplayers when, late in August, the news broke that Wolfson was after Ward.

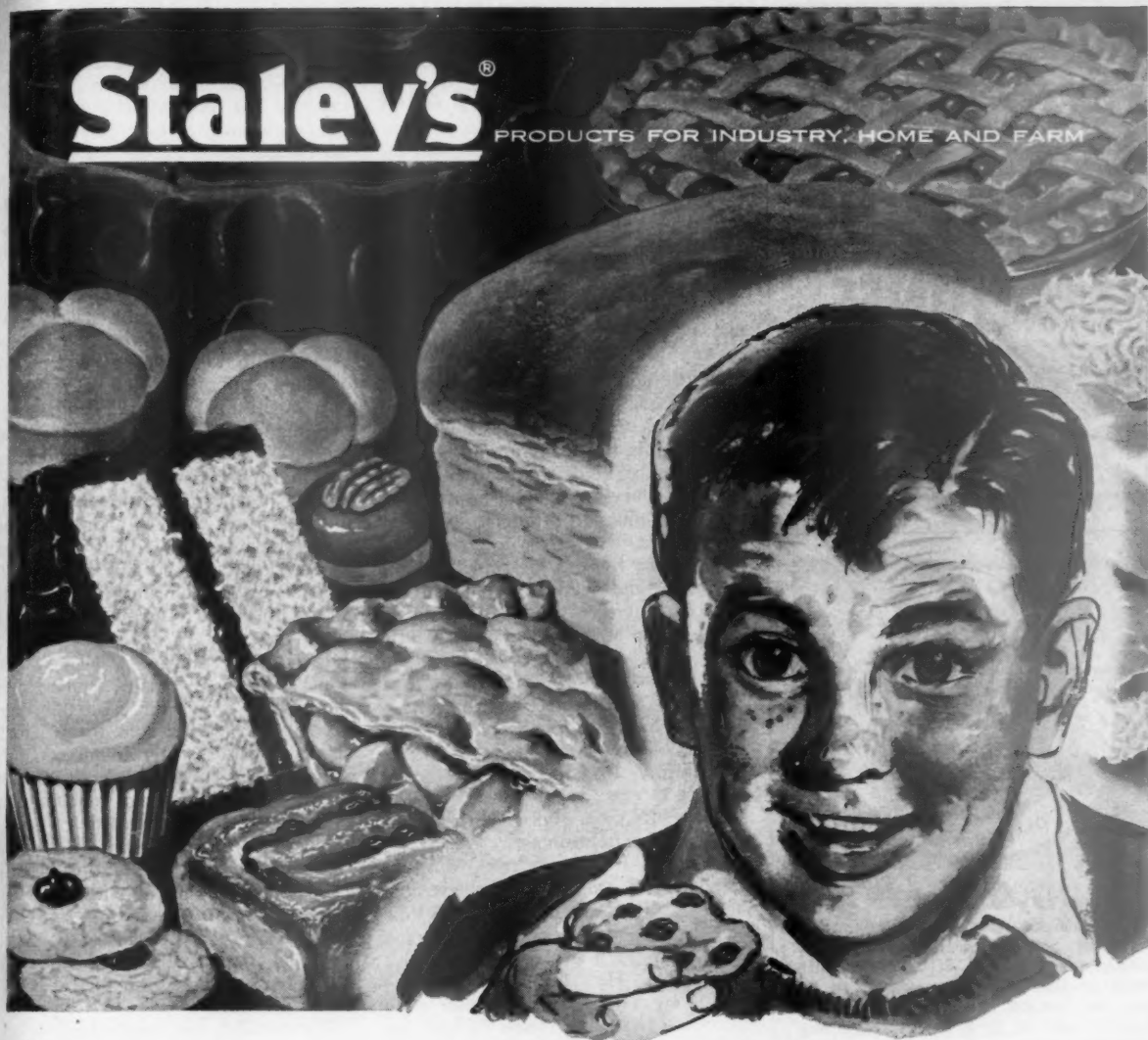
The news broke on Aug. 20, but it had started leaking a week before. Wolfson's team had been buying Ward stock and, to preserve secrecy, listing it in Street name. Around the middle of August, a clerk made the error of listing 10,000 shares in Wolfson's name. Watchful insiders began to suspect that something big was in the wind. When they associated Wolfson's Capital Transit record with Ward's \$44-per-share cash mountain, they ran Ward common from \$67 to \$74 by Aug. 19.

Wolfson says flatly that he will not distribute Ward's liquid reserve "when I get control of Montgomery Ward." He insists, rather, that he will use it to



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See Clues on page 182

"... the hungry angels should be able to raise about \$100-million right now ..."

WOLFSON starts on p. 172

expand the business. He doesn't know exactly how to do it—indeed, he can't know—until he gets a closer look at Ward than Avery has yet let him have.

### III. Up from Jacksonville

When depression and a ruined left shoulder sent him home from college without a degree in his senior year, Wolfson hit the road running. If the remainder of his life was to be spent making money, he figured, he might as well make a lot as a little. He set out to do just that.

Alexander Brest, a Jacksonville (Fla.) contractor and friend of Wolfson's father, was an early adviser. He staked Wolfson on a couple of small, early deals, charged no interest, required no notes. That may have been the start of Wolfson's similar practice, which is to bankroll his own friends on a highly informal basis. Brest pointed out an opportunity that became Wolfson's first big success. It was Florida Pipe & Supply. It soon replaced the elder Wolfson's scrap business.

• **Branches**—From there, Wolfson branched out into just about everything. Although he liquidated Florida Pipe years ago, Wolfson remains in the pipe business through two companies and a partnership. He's in oil wildcatting—with New York Yankee pitcher Allie Reynolds as a partner—says he may get seriously into that field when Reynolds is done with baseball. He's deeply into the entertainment business, with a 21-unit chain of theaters and a company that produces and finances movies, radio and TV shows, and manages theaters and entertainers. He has a ball club (Jacksonville), two manufacturers' representative offices, 10 family trusts, and a family foundation.

Some of these are family owned (Wolfson has four brothers and two sisters); others are jointly controlled by Wolfson and friends or associates. You can be sure they're profitable; Wolfson has a history of getting out of enterprises that demonstrate little or no prospective earning capacity. And he's a keen enough manager to straighten out those that have the potential but just aren't realizing on it. Wolfson estimates that all these smaller properties, including the three pipe and supply operations that replaced Florida Pipe & Supply, represent assets of \$15.1-million.

• **Shipyard**—Being fully aware that the

capital gains tax is vastly to be preferred to the personal income tax, Wolfson concentrated for years on deals that offered him the best chance of keeping some of the money he made. He is careful, always, to take full advantage of the tax laws. He is also careful to do no more than that—to stay rigidly within the boundaries of the law. He has never been prosecuted on an income tax charge by the Internal Revenue Service.

A typical capital gains deal came along for Wolfson right after World War II. A \$19-million government-owned shipyard was up for disposal to qualified shipbuilders. To get it, Wolfson bought a private yard, Tampa Shipbuilding Co., which bid successfully on the property. Liquidation of the property in 1948, after it had operated successfully for two years, yielded a \$4-million pre-tax profit at about the time that liquidation of Florida Pipe yielded its \$2.5-million. And that gave Wolfson—if he didn't already have it—a tidy poke with which to finance his national ventures.

• **Bigger and Bigger**—Wolfson's national ventures, actually, started just about then. He put \$400,000 into Monogram pictures, sold for \$1.2-million in mid-1949. He became seriously disturbed for the first time at some of the practices he had encountered wherein what he regarded as stockholders' earnings were siphoned off in managerial prerequisites. But he still hadn't embarked on the crusade for the stockholder that interests him so deeply today. Nor had he embarked on it when, in 1949, he sold all his stock investments to raise cash for the Capital Transit play.

But his ideas on stockholders solidified pretty quickly—both at Capital Transit and at Merritt-Chapman & Scott, in which he became involved at about the same time. He became steadily more of a crusader.

"I've had a director tell me, 'to hell with the stockholders,'" Wolfson says grimly. "That's wrong. I've broken up some clubhouses that were being run on stockholders' money, and I'll break up some more."

• **New Motive**—By the time he had digested the Merritt-Chapman and Capital Transit plays, Wolfson had accumulated, as he puts it, as much money as he and his family will ever need. Money, he says, interests him much less today.

That doesn't mean he has stopped driving. He has brought five companies and lifted them into the Merritt-Chapman corporate structure, expects to add two more any day. He has added two to New York Shipbuilding.

Some months hence, he may very well urge MC&S and New York Shipbuilding directors to bring the two

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together. Currently, when Wolfson, the investor, moves in on a new property that could fit either company, he creates a problem for Wolfson, the manager. To which company should the new property go? Since Wolfson, the manager, is working for the owners of both companies, it is a serious problem. The best guess is that Wolfson will solve the difficulty by bringing Ship into MC&S.

The long-range plan for Merritt-Chapman is an integrated property that can finance, design, and build about anything almost anywhere in the world. The plan includes a lineup of divisions that will make whatever Merritt-Chapman uses in volume.

There is no such plan for New York Ship.

#### IV. The "Hungry Angels"

The people who have helped Wolfson get up the cash for all these corporate acquisitions—and whom Wolfson, in turn, has enriched—constitute his big weapon in the struggle for control of Ward.

They're a group of somewhat more than 100 wealthy individuals—personal friends, Wolfson calls them—who follow his lead on investments. One way, after hearing a description of their function in the Wolfson pattern, nicknamed them the "hungry angels." This gave tribute to their ability to back up with considerable cash the important deals that Wolfson is unable—or chooses not—to finance through his immediate circle of 21 close associates. In the Ward play, Wolfson will need all his "angels" to bankroll him.

The important thing about the hungry angels is that, by Wolfson's latest analysis (he makes analyses periodically), they should be able to raise about \$100-million right now. If they put it into Ward stock at \$75, they'd command 1.33-million shares.

• **"With" Bettors**—The hungry angels stand third in an intricate chain of command that stems from Wolfson. They're to be found all over the land. They hold no rank in the Wolfson group. But they are willing to follow his lead on investments. Each, according to Wolfson, can command for investment sums ranging from as low as \$100,000 to as high as \$2.5-million.

The hungry angels have grown in number through the years. As a hot dice thrower will soon have a table surrounded by "with" bettors, Wolfson's early backers and friends continually turned up others who had some money to play with.

• **Organization**—At the head of the Wolfson chain of command stands the inner-inner circle, a group of eight headed by, and including, Wolfson. The other seven:

J. A. B. Broadwater, president of Capital Transit;

E. B. Gerbert, probably Wolfson's closest friend and a director of numerous Wolfson properties;

Alexander Rittmaster, a New York financial expert who has taken over the analysis function Wolfson used to carry out himself in preparation for his various business coups;

Lewis M. Schott, with Gerbert an old Florida friend and associate, and a director of several Wolfson properties;

Martin Segal, a successful Florida attorney who moved to Milwaukee to become vice-president of Nesco, Inc., a metal fabricating company Wolfson bought to help diversify New York Shipbuilding;

Doran Weinstein, once executive vice-president of Capital Transit and a long-time Wolfson associate;

Robert C. Harvey, executive vice-president and general manager of Newport Steel Corp., a nonintegrated producer Wolfson bought for its approximate scrap value, as part of the MC&S master plan.

This group receives and ferrets out likely investment opportunities. Rittmaster is a key figure in its operation. He studies in great detail the information needed to evaluate a prospective acquisition.

If it looks good to him—and if it meets certain criteria established by Wolfson—the inner-inner circle closets itself with Rittmaster's report for a couple of days and decides whether and how to move.

• **Second Line**—If the inner-inner circle O.K.'s a proposal, all the data is sent to each member of a 14-man "outer-inner" circle. This group includes three of Wolfson's four brothers (the youngest will be out of the Navy next month). All but two of the group are officers or directors, or both, of Wolfson properties; the other two are Wolfson attorneys.

The outer-inner circle has 10 days to amplify, dissent from, or approve proposals submitted to it. Thus far in the organization's history, Wolfson says, one move has been delayed by outer-inner circle comment. None has been halted.

Before a move is undertaken, everyone in both groups knocks himself out acquiring and compiling data on the subject company. This may mean formal interviews. It may mean chatting with off-shift employees of the company in a bar. Wolfson has a huge appetite for data. He keeps it coming, sometimes for years.

• **The Pattern**—Contrary to what apparently is a widely held opinion, Wolfson is by no means a capitalist who invests in a likely situation, makes a fast killing, and pulls out. Despite the number of properties he has liqui-

dated when the time seemed ripe for a capital gains move, he is as much a manager as he is an investor.

The Wolfson pattern, particularly as it has evolved in recent years, is to move in on a company that has an established place in a going industry but that is less than competitive. When he finds such a company he tries to find out what's wrong, why it's less than competitive. Then the decision is made as to whether the faults can be remedied, how they can be remedied, and whether it'll all be worth the cost. If the answers all are favorable, the move goes ahead.

Consider Nesco, for example: The early study showed it was netting only \$800,000 on a \$35-million gross. Some competitors were doing relatively twice as well. One grossed \$40-million with 2,300 employees. Nesco had 2,700 to produce its \$35-million. The inner-inner and outer-inner circles turned up these and other facts. The reading of them was that here was a spot where, for a bargain price, a useful property could be acquired. It would then need some relatively inexpensive improvements, largely managerial. The result stood to be a pretty handsome boost in earnings.

On the other hand, Wolfson's acquisition of Devco & Reynolds Co. last June was different. In that case, it was a property that appeared useful and that had developed a new product—Devran, an epoxy resin paint (BW-Jul.10'54,p62) that Wolfson felt was being exploited improperly.

When Wolfson acquires a company, he gets briskly to work getting the fat out. By and large, the second-level management that came with the company will continue to operate the new property. But there will be Wolfson hands at the top. Wolfson often consolidates various functions of several properties, thus cuts down administrative costs.

But you'd be wrong to figure that the Wolfson technique stops there. The properties are acquired in the first place because they show promising earnings potentials. And it takes effective operation, not mere administrative cost-cutting, to realize them.

• **How Hungry?**—More and more, the hungry angels, who rank behind the outer-inner circle in the Wolfson hierarchy, are becoming strategic to his program. As the cash requirements get larger with the acquisition of established properties, the smaller is the control that can be kept within the 22-man group. Particularly in the Montgomery Ward play, the hungry angels won't just tag along. They might even spell the difference between a serious fight and a farce next April.

Almost as intriguing an aspect of the hungry angels as their ability to



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back Wolfson with important cash is how hungry they'll be if, indeed, they do flock to the boss's side in the Ward fight. For a serious Ward play is not for the in-and-outer.

Wolfson says flatly that, if Ward were given what he considers proper management, its stock would sell between \$150 and \$200. And the average stockplayer doubtless would be amazed to learn how both the arithmetic of the situation and some bright merchandisers confirm this estimate.

But you can look for such a rise only over a long pull—five to 10 years—the merchandisers seem to agree. As well as time, it'll take all Ward's liquid cash and a good deal more, the most expert people available, and hard work. The experts figure—and Wolfson calmly asserts—that Wolfson can command these things if he can acquire the property.

So the question arises: Are the 100 odd hungry angels willing to freeze their \$100-million of assets for a decade? Popularly, people with such money as that are supposed to hunger for ventures that carry the promise of a quick payoff.

Wolfson won't lean entirely on his angels, however. He plans a thorough campaign to reach Ward's 50,000 small holders. He figures that by telephone, direct mail, and personal visits, he and his associates can reach about 25,000 of them. He has a program for them—based on his general program for all U.S. shareholders, but going well beyond that into the specifics of the Ward situation.

• **Judgment**—People who know the Ward situation tend to be skeptical of Wolfson's success. For one thing, you hear repeated mumblings that other, less noisy elements are also moving in on Ward. These mumblings appear to range from speculation to quiet assertions of fact. Such other interests, if they exist, are said flatly to command much more consequential entree into the financial community than the Wolfson group is believed to have. You can't pin it down, but you can't escape a feeling that Wolfson will have to beat some other people for a chance to beat Avery.

As for beating Avery, one well-informed observer says there's only one way Wolfson can do it:

"He can get himself on the Ward board next April easily enough," this man says. "Then, he must spend a lot of time there, ask a lot of questions, poke into everything, make suggestions, work at the job like mad. If he'll do that, he'll have Avery so rattled he can drive him off the board in time. Avery hasn't been in a fight for years. And once Avery's gone, the rest of his cronies on that board will fold like a wet paper bag."



# ADVERTISERS IN THIS ISSUE

Business Week—October 2, 1954

THE ADVERTISING COUNCIL.....	100
AIR MAZE CORP.....	3
Agency—Batten, Barton, Durstine & Osborn, Inc.	
ALLEGHENY LUDLUM STEEL CORP.....	165
Agency—Walker & Downing	
ALLEN-BRADLEY CO.....	33
Agency—The Fensholt Adv. Agency, Inc.	
ALUMINUM CO. OF AMERICA (CHEMICAL DIV.).....	3rd Cover
Agency—Ketchum, MacLeod & Grove, Inc.	
THE ALVEY-FERGUSON CO.....	70
Agency—Associated Advertising Agency	
AMERICAN APPRAISAL CO.....	14
Agency—The Buchen Co.	
AMERICAN OPTICAL CO.....	16
Agency—Sutherland-Abbott	
AMERICAN TELEPHONE & TELEGRAPH CO.....	24
Agency—N. W. Ayer & Son, Inc.	
THE AMERICAN WELDING & MFG. CO.....	171
Agency—The Bayless-Kerr Co.	
ATLAS PLYWOOD CORP.....	54
Agency—James Thomas Chirung Co., Inc.	
"AUTOMATIC" SPRINKLER CORP. OF AMERICA.....	62
Agency—The Robert A. Joyce Co.	
BARCOCK & WILCOX CO.....	135
Agency—O. S. Tyson & Co., Inc.	
BARCOCK & WILCOX CO.....	120
Agency—Michel-Cather, Inc.	
BAKELITE CO., DIV. OF UNION CARBIDE & CARBON CORP.....	103
Agency—J. M. Mathes, Inc.	
BANK OF AMERICA.....	91
Agency—Chas. R. Stuart	
BARRETT DIV., ALLIED CHEMICAL & DYE CORP.....	166
Agency—McCann-Erickson, Inc.	
THE BASSICK CO.....	174
Agency—James Thomas Chirung Co., Inc.	
BELLOWS CO.....	129
Agency—Ralph Gross Adv., Inc.	
BITUMINOUS COAL INSTITUTE.....	61
Agency—Van Sant, Dugdale & Co., Inc.	
BLAW-KNOX CO.....	42
Agency—Ketchum, MacLeod & Grove, Inc.	
DAVID BOGEN CO., INC.....	104
Agency—Friend, Reiss, McGlone Adv.	
THE BORDEN CO.....	123
Agency—Fuller & Smith & Ross, Inc.	
BUELL ENGINEERING CO.....	56
Agency—Hicks & Grelst, Inc.	
BURROUGHS CORP.....	4th Cover
Agency—Campbell-Ewald Co.	
THE E. W. BUSCHMAN CO.....	162
Agency—Penn & Hamaker Inc	
CHAMBERSBURG ENGINEERING CO.....	105
Agency—Willard G. Myers Adv. Agency	
CHRYSLER CORP.....	141
Agency—Zimmer, Miller & Calvert, Inc.	
CITY OF LONG BEACH.....	156
Agency—Fatch & Curtis Adv., Inc.	
CLARAGE FAN CO.....	70
Agency—William J. Williams	
CLEVELAND PNEUMATIC TOOL CO.....	121
Agency—Meldrum & Fawcett, Inc.	
CLUES (CLASSIFIED ADVERTISING).....	182
COMBUSTION ENGINEERING, INC.....	87
Agency—G. M. Basford Co.	
CONSOLIDATED VULTEE CORP.....	146
Agency—Buchanan & Co., Inc.	
CONTROL ENGINEERING.....	126-127
THE COOPER BESSEMER CORP.....	11
Agency—The Griswold-Eshleman Co.	
CORMAC INDUSTRIES, INC.....	80
Agency—B. R. Doerfler Co.	
CORRULUX DIV. OF LIBBEY-OWENS-FORD.....	43
Agency—Aylin Adv. Agency	
DEWEY & ALMY CHEMICAL CO.....	63
Agency—Horton-Noyes Co.	
DOW CHEMICAL CO.....	109
Agency—MacManus, John & Adams, Inc.	
E. I. du PONT DE NEMOURS & CO.....	161
Agency—Batten, Barton, Durstine & Osborn, Inc.	
ELJER CO.....	182
Agency—Ross Roy, Inc.	
ELLIOTT ADDRESSING MACHINE CO.....	180
Agency—H. R. Humphrey, Alley & Richards, Inc.	
EMERY AIR FREIGHT CORP.....	75
Agency—J. M. Mathes, Inc.	
EQUITABLE LIFE ASSURANCE SOCIETY OF THE U. S.....	67
Agency—Kenyon & Eckhardt, Inc.	
THE ESSEX HOUSE.....	160
Agency—Needham & Grohmann, Inc.	
EBERHARD FABER PENCIL CO.....	111, 112
Agency—Hicks & Grelst, Inc.	
FEDERAL PACIFIC ELECTRIC CO.....	90
Agency—Beatty & Oliver, Inc.	
FINNELL SYSTEM, INC.....	113
Agency—Johnson, Read & Co., Inc.	
FIRST NATIONAL BANK OF ATLANTA.....	62
Agency—Tucker Wayne & Co.	
FOOD MACHINERY & CHEMICAL CORP.....	145
Agency—The McCarty Co.	

FORT HOWARD PAPER CO.....	86
Agency—Baker, Johnson & Dickinson Adv.	
FRIDEN CALCULATING MACHINE CO., INC.....	140
Agency—J. Walter Thompson Co.	
GENERAL BOX CO.....	72
Agency—The Buchen Co.	
GENERAL DYNAMICS CORP.....	40
Agency—Gotham Adv. Co.	
THE B. F. GOODRICH CO.....	1
Agency—The Griswold-Eshleman Co.	
GRAPHIC SYSTEMS.....	80
Agency—Diener & Dorskind, Inc.	
GRAYBAR ELECTRIC CO.....	65
Agency—G. M. Basford Co.	
GREATER TAMPA CHAMBER OF COMMERCE.....	160
Agency—Griffith-McCarthy, Inc.	
HARDWARE MUTUALS.....	163
Agency—Roche, Williams & Cleary, Inc.	
HARRINGTON & RICHARDSON, INC.....	134
Agency—John C. Dowd, Inc.	
HEWITT-ROBINS, INC.....	50-51
Agency—Fuller & Smith & Ross, Inc.	
HINDE & DAUCH.....	99
Agency—Howard Swink Advertising Agency, Inc.	
THE HOME INSURANCE CO.....	20
Agency—Albert Frank-Guenther Law, Inc.	
E. F. HOUGHTON & CO.....	101
Agency—Beaumont, Heller & Sperling, Inc.	
INTERNATIONAL HARVESTER CO.....	117
Agency—Young & Rubicam, Inc.	
INTERNATIONAL NICKEL CO., INC.....	23
Agency—Marshall & Pratt Co., Inc.	
INTERNATIONAL RAILWAY CAR CO.....	142
Agency—Bowman & Block, Inc.	
JOHN MANVILLE CORP.....	60, 67
Agency—J. Walter Thompson Co.	
KALAMAZOO LABEL CO.....	180
Agency—William J. Williams	
KAYDON ENGINEERING CORP.....	153
Agency—Klau-Van Pietersom-Dunlap, Inc.	
KELLER TOOL CO.....	9
Agency—The Fensholt Adv. Agency, Inc.	
KELVINATOR WATER COOLERS.....	159
Agency—Geyer Adv., Inc.	
LEES-BRADNER CO.....	34
Agency—Belden & Hickox	
LIBERTY MUTUAL INSURANCE CO.....	36
Agency—Batten, Barton, Durstine & Osborn, Inc.	
LLOYD-THOMAS CO.....	104
Agency—Klau-Van Pietersom-Dunlap, Inc.	
LUKENS STEEL CO.....	73
Agency—Fuller & Smith & Ross, Inc.	
LUMINOUS CEILINGS, INC.....	106
Agency—A. Martin Rothbardt, Inc.	
MANUFACTURERS TRUST COMPANY.....	58-59
Agency—McCann-Erickson, Inc.	
MANZEL.....	69
Agency—Baldwin, Bowers & Strachan, Inc.	
MASTER ELECTRIC COMPANY.....	173
Agency—The Parker Adv. Co.	
MCGRAW-HILL BOOK CO., INC.....	170
McGraw-Hill Publishing Co.....	138-139
METAL ARTS CO., INC.....	178
Agency—Hutchins Adv. Co., Inc.	
METALS & CONTROLS CORP. SPENCER THE MOSTAT DIV.....	134
Agency—Sutherland-Abbott	
THE MICHAELS ART BRONZE CO., INC.....	98
Agency—Jaap-Ort Co.	
MILFORD RIVET & MACHINE CO.....	155
Agency—Edward Graceman & Assoc.	
MINNESOTA MINING & MFG. CO.....	64, 125
Agency—Batten, Barton, Durstine & Osborn, Inc.	
MISSOURI DIV. OF RESOURCES & DEV.....	85
Agency—Oakleigh R. French & Assoc.	
MISSOURI PACIFIC RAILROAD.....	9
Agency—D'Arcy Adv. Co.	
MORGAN STANLEY & CO.....	122
Agency—Doremus & Co.	
NATIONAL CASH REGISTER CO.....	30
Agency—McCann-Erickson, Inc.	
NATIONAL MOTOR BEARING CO., INC.....	137
Agency—L. C. Cole Co.	
NATIONAL PNEUMATIC CO., INC.....	53
Agency—Henry A. Loudon Adv., Inc.	
NATIONAL RESEARCH CORP.....	45
Agency—Sutherland-Abbott	
NATIONAL STEEL CORP.....	82-93
Agency—Campbell-Ewald Co.	
NEW ENGLAND MUTUAL LIFE INSURANCE CO.....	55
Agency—N. W. Ayer & Son, Inc.	
NEW YORK LIFE INSURANCE CO.....	95
Agency—Compton Adv., Inc.	
NORTHERN NATURAL GAS CO.....	116
Agency—Boone & Jacobs, Inc.	
OLIN MATHIESON CHEMICAL CORP. (WESTERN BRASS METALS DIV.).....	35
Agency—D'Arcy Adv. Co.	
D. W. ONAN & SONS, INC.....	12
Agency—Graves & Assoc.	

OTIS ELEVATOR CO.....	15
Agency—G. M. Basford Co.	
PENNSYLVANIA FARMER.....	80
Agency—The Buchen Co.	
PITTSBURGH CORNING CORP.....	81
Agency—Batten, Barton, Durstine & Osborn, Inc.	
H. K. PORTER CO., INC.....	66
Agency—St. Georges & Koyes, Inc.	
THE WILLIAM POWELL CO.....	49
Agency—The Ralph H. Jones Co.	
PROVIDENT LIFE & ACCIDENT INSURANCE CO.....	41
Agency—Power & Condon	
THE RAULAND-BORG CORP.....	154
Agency—George Brodsky	
RAYTHEON MANUFACTURING CO.....	47
Agency—Cowan & Dengler, Inc.	
RECORDAK CORP. (SUB. OF EASTMAN KODAK).....	140
Agency—J. Walter Thompson Co.	
REM-CRU TITANIUM, INC.....	157
Agency—G. M. Basford Co.	
REWINFORM RAND, INC.....	2
Agency—Leesford Adv. Agency, Inc.	
REVOLVATOR CO.....	122
Agency—La Porte & Austin, Inc.	
REYNOLDS METALS CO.....	115
Agency—Clinton E. Frank, Inc.	
RHEEM MANUFACTURING CO.....	57
Agency—Campbell-Ewald Co.	
RIEGLER PAPER CORP.....	132
Agency—W. L. Towne Adv.	
H. H. ROBERTSON CO.....	144
Agency—Bond & Starr, Inc.	
ROME CABLE CORP.....	136
Agency—Charles L. Rumrill & Co., Inc.	
ROYAL METAL MFG. CO.....	142
Agency—Kuttner & Kuttner, Inc.	
SAFEWAY STORES, INC.....	122
Agency—Albert Frank-Guenther Law, Inc.	
SCOTT PAPER CO.....	143
Agency—J. Walter Thompson Co.	
SELAS CORP. OF AMERICA.....	178
Agency—A. E. Aldridge Assoc.	
SHAW BARTON, INC.....	182
Agency—Mumm, Mullay & Nichols, Inc.	
THE SHEPHERD CORP.....	10
Agency—Witte & Burden	
SHELL CHEMICAL CORP.....	2nd Cover
Agency—J. Walter Thompson Co.	
SKF INDUSTRIES, INC.....	102
Agency—O. S. Tyson & Co., Inc.	
L. SONNEBORN SONS, INC.....	80
Agency—Hicks & Grelst, Inc.	
SPECTOR MOTOR SERVICE, INC.....	170
Agency—Garfield-Linn & Co.	
A. E. STALEY MFG. CO.....	179
Agency—Ruthrauff & Ryan, Inc.	
STATE OF GEORGIA, DEPT. OF COMMERCE.....	164
Agency—Eastburn & Siegel Adv.	
STONE CONTAINER CORP.....	48
Agency—A. Martin Rothbardt, Inc.	
STONE & WEBSTER ENGINEERING CORP.....	74
Agency—Harold Cabot & Co., Inc.	
SWEET'S CATALOG SERVICE.....	71
Agency—The Schuyler Hopper Co.	
SYLVANIA DIV. AMERICAN VISCOSE CORP.....	83
Agency—J. M. Mathes, Inc.	
TINNMANN PRODUCTS, INC.....	107
Agency—Meldrum & Fawcett, Inc.	
TOWMOTOR CORP.....	188
Agency—Howard Swink Advertising Agency, Inc.	
TOWNSEND CO.....	118-119
Agency—Bond & Starr, Inc.	
TRAVELERS INSURANCE CO.....	46
Agency—Young & Rubicam, Inc.	
UNION BAG & PAPER CORP.....	94
Agency—Smith, Hagel & Snyder, Inc.	
UNION CARBIDE & CARBON CORP.....	19
Agency—J. M. Mathes, Inc.	
U. S. LEASING CORP.....	68
Agency—Brooke, Smith, French & Dorrance	
U. S. PLYWOOD CORP.....	110
Agency—Kenyon & Eckhardt, Inc.	
UNITED STATES RUBBER CO.....	169
Agency—Fletcher D. Richards, Inc.	
U. S. STEEL CORP.....	130-131
Agency—Batten, Barton, Durstine & Osborn, Inc.	
VANADIUM CORP. OF AMERICA.....	151
Agency—Hazard Adv. Co.	
VIKING PUMP CO.....	80
Agency—J. M. Hickerson, Inc.	
WELLMAN ENGINEERING CO.....	154
Agency—The Griswold-Eshleman Co.	
WESTINGHOUSE ELECTRIC CORP. (ELEVATOR DIV.).....	6-7
Agency—Fuller & Smith & Ross, Inc.	
WHITING CORP.....	78-79
Agency—Waldie & Briggs, Inc.	
WORCESTER PRESSED STEEL.....	13
Agency—John C. Dowd, Inc.	
WYANDOTTE CHEMICALS CORP.....	4-5
Agency—Brooke, Smith, French & Dorrance, Inc.	

# Taming the Mammoth Federal Debt

Our mammoth federal debt is often the subject of criticism—but rarely of the constructive kind. That is why we congratulate the Committee for Economic Development on its new study titled *Managing the Federal Debt*. This study offers a constructive program aimed at reorganizing the federal debt structure in ways that will help counter inflation or deflation.

According to the CED study, national policy should be directed toward “moderate changes” to increase the average maturity of the debt. It is insistent that there should be no headlong rush for a longer debt. Rather, it declares that any steps to increase the average maturity should be gradual, flexible and consistent with the primary goal of maintaining economic stability.

The CED notes that at the end of 1953, some \$56-billion—44% of the total—of privately held marketable debt came due within one year. This “excessive short-term debt requires frequent Treasury borrowing operations that may handicap the Federal Reserve in pursuing an anti-inflation monetary policy.”

Good debt management can be a real contribution to economic stability, the study states, and should be viewed as part of the over-all policy to be pursued by the government. “This program should include a budget policy aimed at surpluses in good times, deficits in depressions and long-term debt reduction. It should also include a monetary policy that tightens credit conditions in inflation and relaxes them in deflation. As part of such a program, debt management has an important part to play . . .”

We subscribe to most of the recommendations made in this sound and sensible study. And we recommend it to all those who want to know more about the debt and how best to tame it.

## Hard Words, Hard Facts

The Secretary of Labor has scored as a public official because of his courage and candor. James P. Mitchell defied a custom established by more pusillanimous men when he told the AFL to its face that its partisanship made it indulge in unfair criticism of the Administration. The AFL's attitude in refusing to acknowledge any of the Administration's achievements, Mitchell declared, could only force him to conclude that it was departing from Samuel Gompers's nonpartisan philosophy of rewarding friends and opposing enemies.

Shocked by such frankness from a speaker it expected would confine himself to the usual fatuous felicitations, the AFL meeting gave Mitchell a frigid response. After he left, AFL Pres. George Meany declared that the Federation's hospitality had been abused.

The text of Mitchell's speech reveals that he did not single the AFL out but was speaking up about all those groups—some business organizations included—that

measure the Administration's achievements by special interest standards. The AFL has certainly been one of them. But, in language familiar in labor circles, it can dish it out but can't take it.

Some comments on Mitchell's speech suggest that it was poor politics to affront powerful labor leaders. This is nonsense. The people who resented what he said were and remain opponents of the Eisenhower Administration. Neutrals cannot help but react favorably. Courage and candor are rare and precious qualities in public life.

## The Censure of McCarthy

The report on Sen. Joseph McCarthy made by the select committee of the U.S. Senate is distinguished for its calm and judicious tone. It stands out in sharp contrast to the way in which McCarthy has conducted himself both in and out of the Senate. In so doing, it restores to the Senate as a whole the sense of dignity and fair play that McCarthy, consciously or unconsciously, consistently ignored.

This is apparent from the fact that he was not judged in a partisan light. The report and recommendations of the select committee were unanimous. Moreover, the hearings, with Sen. Arthur V. Watkins as chairman, never set off the Democrats from the Republicans. Instead, the committee met as a single group representing the traditions and procedures of the highest legislative body in the nation. And it was McCarthy's conduct as a member of that body that was its sole concern.

It was the Senate, and the Senate alone, that could take action on these grounds. Those critics of McCarthy who were impatient with the Administration for inaction have failed to appreciate that the executive branch was powerless to curb his conduct. Under our constitutional system with its separation of powers, only the legislative branch could act.

On two of the charges relating to McCarthy's conduct, the committee recommended that he be censured by the Senate itself. The report bluntly described his antics as being “contemptuous,” “contumacious,” “reprehensible” and “obstructive to legislative processes.”

There is no doubt that the committee's report wipes away any and all suspicion that the Senate condones McCarthy's actions. If the Senate is, as many have termed it, the most exclusive club in the world, then surely there is nothing quite so terrible a blow to the junior senator from Wisconsin as being called to account by his fellow club members.

We believe the select committee has completed its onerous and disagreeable task with courage and justice. We are sure that the Senate will follow its recommendations. We think that this action is needed to restore its standing in the eyes of the American people.



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